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NEWS SUMMARY

GENERAL

British embassy staff leave

The British Embassy in Tehran said yeseterday is was suspending operations after a week of demonstrations in protest at the detention of Iranian students in London.

The visa section had to be closed after seven diplomatic staff, with four dependents, left Tehran on Saturday. Four staff remain.

Two journalists, Mr. Tony Allaway, a Briton, and Mr. Ralph Joseph, a Pakistani, have been transferred to prison while questioning about alleged spying continues.

A letter from nine foreign envoys seeking the release of the U.S. hostages has been referred to a commission, which is to report to Parliament.

Fire survivors ill

Three survivors of the fire that killed 37 people in two London drinking clubs are seriously ill. Six others are "satisfactory."

Korea alert

South Korea put its forces on special alert after President Choi Kyu-Hah's resignation, expecting "provocation" from North Korea.

Violence spreads

Clashes between Hindus and minority Moslem communities continued in a dozen cities in at least five Indian states. More than 150 people have died in the past four days. Page 2

Attacked boy dies

One of two 11-year-old boys found severely injured on a Liverpool rubbish tip after a "senseless" attack has died. The other, Gary Miller, is desperately ill on a life support machine.

NF march arrests

The National Front went ahead with its march in Nuneaton. Scuffles with more than 200 Anti-Nazi League supporters led to a few arrests, but nobody was hurt.

Nuclear defiance

Iraq will not be deterred by "any force" from using nuclear energy, according to the ruling Revolution Command Council's secretary-general.

Refugees rescued

The British merchant ship Staffordshire picked up 205 Vietnamese refugees in a fishing boat about 300 miles off Saigon.

Brandt chosen

Former West German Chancellor Willy Brandt is the Social Democratic Party's candidate for North Rhine-Westphalia in the October 5 general election.

First anniversary

Keith Castle, Britain's longest surviving heart swap patient, celebrates the first anniversary of his transplant today.

'Mean' busmen

South Yorkshire bus officials have been criticised for "meanness" after refusing to waive a lost property rule for a 91-year-old widow's pension left on a bus. They deducted 10 per cent.

Briefly . . .

Israeli Government is to allow President Navon to accept President Sadat's invitation to visit Egypt. Page 2

Monte Hekma, one of Europe's most dangerous volcanoes, started erupting in Iceland.

Jean-Pierre Jabouille of France won the Austrian Grand Prix.

Winner of the £100,000 Premium Bond prize—number 7PP 811195—lives in Berkshire.

BUSINESS

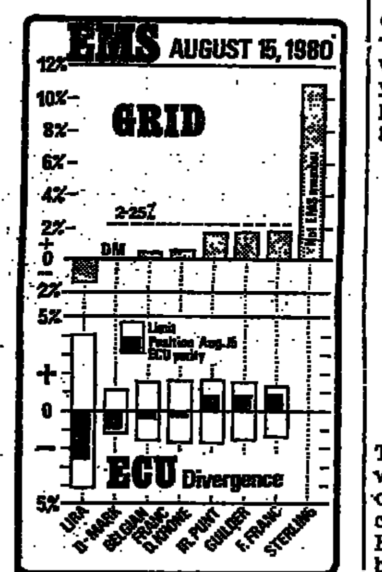
Reactor plan with France hits snag

● **COLLABORATION** plans between Britain and France for developing a 1,500 MW commercial fast breeder reactor has run into trouble following a French call for a £20-£25m entry fee. Back Page

● **WEST GERMANY,** which has tested the British-designed teletext and Prestel information services for two years, is considering switching to the rival French system. Back Page

● **FRENCH FRANC** remained the most improved currency in the European Monetary System last week, with trading restricted by a holiday on Friday in many European centres. The Dutch guilder and the Irish punt were close behind the franc and the punt briefly touched the top during the week.

Further rumours of an imminent devaluation ensured the lowest position for the Italian lira, while the D-mark continued to weaken ahead of this week's Bundesbank meeting, where some change in key lending rates is seen as a possibility by certain money market and foreign exchange sectors.



The charts show the two constraints on European Monetary System exchange rates. The upper grid, based on the weakest currency in the system, defines the cross rates from which no currency (except the lire) may move more than 2¼ per cent. The lower chart gives each currency's divergence from its "central rate" against the European Currency Unit (ECU), itself a basket of European currencies.

● **U.S. JUSTICE** Department has mounted an anti-trust inquiry into the liner conference operating between Australia, New Zealand and the U.S. Back Page

Electrical union backs merger

● **EXECUTIVE** of the Electrical and Plumbing Trades Union has given approval for talks with the Boilermakers' union on a merger plan. Back Page

● **BRITISH STEEL** will soon present to the Government proposals on stopping its severe financial losses, possibly involving more job losses. Back Page

● **TEXTILE** workers must be given protection and greater reward for their labours if the Government is to retain credibility for its pay and employment policies, says the Low Pay Unit. Page 4

● **CONSUMER CONFIDENCE** is beginning to rise in spite of the worsening economic recession, according to the latest Financial Times survey. The index has risen for the past three months and is highest since May, 1979. Page 4

● **STERLING M3,** the broadly defined money supply, may rise by about 3 per cent in the next two months, a firm of stockbrokers estimates. Page 4

CONTENTS

For latest Share Index phone 01-246 8026

Polish strikers pose political challenge to government

BY OUR FOREIGN STAFF

WORKERS on strike in Poland yesterday launched the most serious challenge to their Government since the 1970 strikes which led to the fall of Mr. Wladyslaw Gomulka, then Communist Party leader.

The authorities responded at the weekend with what appeared to be a veiled hint that force might be used to restore order. Leaders of the 50,000 workers on strike at 21 enterprises in and around the Baltic port of Gdansk issued a collective list of 16 demands which questioned the basis of how modern Poland is run.

Despite the turn of events, Mr. Edward Gierek, who succeeded Mr. Gomulka as Party leader soon after the 1970 unrest, was expected last night to go ahead with a visit to West Germany tomorrow.

The workers' demands include freedom of speech and Press, release of political prisoners, the right to form free trade unions, and access to the mass media for all churches.

The strikers have formed a joint committee, the interfactory strike committee to press their demands, which have grown from the economic complaints which led to the start of the strike on Thursday. Details of the demands were released in Warsaw by the dissident self-defences committee, KOR.

Yesterday some 2,000 workers were occupying the Lenin shipyards. Visitors said that the plant was adorned with a photograph of the Pope, draped with Polish flags and guarded by the workers as though it were a fortress.

The Polish authorities have not excluded use of force to break the strike.

On Saturday Mr. Tadeusz Fiszbach, the Communist Party chief in Gdansk, told strikers that they had a guarantee until Monday that the police would not intervene.

Some workers have interpreted this as a veiled threat, but the authorities also announced yesterday immediate appointment of a Government commission to examine the grievances of the workers.

It is to be headed by Mr. Tadeusz Pyka, the Deputy Premier.

Meat prices

The Government set up a similar commission to get strikers back to work in the city of Lublin earlier this summer, shortly after the widespread strikes began over the higher meat prices.

There was no immediate response to establishment of the commission from the workers.

However, the State-controlled Gdansk Radio said that this would best work in "conditions of calm, work and matter-of-fact discussion."

The Polish Government is keen to give the impression that the situation remains under control.

Roger Boyes writes from Bonn: Both West German and Polish officials stressed that Mr. Gierek had not cancelled his meeting with Chancellor Helmut Schmidt. It is the Polish leader's first official visit to the West since workers' unrest began to reach serious proportions in Poland earlier this summer.

The visit has evidently taken on special significance for the Polish leadership. It underlines Poland's ability to carry on business and politics as usual, plays down the significance of the strikes and serves to remind the Soviet Union that Warsaw still maintains strong links with the West.

The Polish leadership appears eager for both symbolic statements of support and concrete offers of economic assistance.

The West German Government appears sensitive to this need, and has encouraged a German banking consortium to arrange a DM 1.2bn (£285m) credit for Poland. A total of DM 800m of the credit is likely to go toward servicing Warsaw's existing debts, and the remaining DM 400m will finance projects to step up Polish coal production, some of which will be delivered to West Germany.

But neither this credit nor that being prepared by another Western consortium can do much to help Poland reduce a hard currency debt which at the end of last year amounted to $19.4bn. Servicing this debt is forecast to take up some 70 per cent of hard currency earnings this year.

Ballots cash row faces TUC

By Christian Tyler, Labour Editor

THE STAGE has been set for a serious division in the TUC over the new Employment Act's provision of public money for secret trade union ballots.

Two of the biggest Right-wing-led unions, the Engineering Section of the Amalgamated Union of Engineering Workers and the Electrical and Plumbing Trades Union have declared themselves in favour of accepting the money to defray the cost of postal ballots, which both already use extensively for internal elections.

Now a small Left-wing TUC affiliate, the Bakers, Food and Allied Workers' Union, wants the TUC to expel any union "taking advantage of any section" of the Act.

The only part of the Act which gives unions this kind of choice is the first clause, making money available. The Government's idea is to encourage the emergence of moderate union leaders and to discourage strikes.

The Bakers' initiative, which had been expected to surface from one or more unions, is contained in the final agenda for debate at the annual Congress in Brighton in two weeks' time.

Discredit

Published today, the agenda includes an amendment to a motion opposing the Act from the small foundry section of the AUEW.

Before the Congress begins the TUC General Council, which has already decided by a large majority that unions should not accept the money, will have to decide whether to support this much more aggressive and possibly divisive tactic.

As the Bakers point out in their amendment, the tactic was used successfully before by the TUC to discredit the Conservatives' last major trade union change, the 1971 Industrial Relations Act.

Then, unions which refused to come off an essential statutory register were expelled. Some were out of the TUC for several years.

The difference between now and then is that whereas the register was a central feature of the 1971 Act, the first clause of the 1980 Act is not so fundamental.

Other amendments to the agenda suggest that debates on Press freedom and nuclear disarmament will be among the liveliest of the 112th Congress.

The National Union of Journalists has tabled an amendment

Continued on Back Page

World Bank concern for poor states

BY DAVID TONGE

PROSPECTS FOR economic growth in the 1980s have deteriorated and are now "a cause for deep concern," the World Bank warns in its third World Development Report, published today.

The bank believes the outlook for the developing world has worsened markedly, partly as a result of a sharp downward revision in its forecasts for the growth of the industrialised countries.

In his foreword to the report, Mr. Robert McNamara, President of the World Bank, points to the problems of low-income countries, and warns that in Africa, south of the Sahara, income per person may even fall during the 1980s.

He says there is a "real risk" that the domestic problems of the richer countries will cause them to give inadequate attention to the developing world.

Yet the report calls for increased aid and capital flow to the developing world.

Without these and the curbing of protectionism, growth will probably be at the bottom of a range of forecasts made by the bank.

For low-income developing countries, such as Bangladesh and Haiti, the bank forecasts growth could be between 3.5 and 4.4 per cent during the next decade, and for the middle-income countries, such as Brazil and the Philippines, between 4.4 and 5.3 per cent.

On average these figures are 1 per cent lower than last year's forecasts, while population in the Third World is growing at around 2.3 per cent per year.

The worsened outlook is ascribed partly to the strong measures taken by industrialised countries to control inflation.

These countries are now expected to show only sluggish growth in 1980 and 1981, inevitably slowing their demand for developing countries' exports.

However, the report particularly stresses the impact of recent oil price increases. In 1980 the price of oil, in real terms, is likely to be at least 80 per cent higher than two years ago.

The current-account deficits of oil-importing developing countries are expected, at constant prices, to remain at about the level of $61bn (£26.5m) expected this year.

But questions remain about the international financial system's ability to recycle sufficient funds to maintain economic growth rates, the bank writes.

Without these funds there is a serious chance of "levels of trade, investment and economic efficiency . . . lower than anyone would wish."

Even on the most optimistic of the bank's calculations, developing countries will by 1990 be using at least four-fifths of all fresh loans to service their existing debt.

Editorial Comment, Page 14
World Bank report, Page 2

Foreign cars take 62% of market

BY ARTHUR SMITH, MIDLANDS CORRESPONDENT

FOREIGN CAR producers, led by the Japanese, took more than 62 per cent of new registrations in the UK in the first 10 days of this month, according to unofficial figures circulating in the industry, and as imports head for a record Ford, too, has joined the UK car price-cutting war.

The further inroad by importers is particularly disappointing to BL Cars, which took less than 17 per cent of the market in the early part of the month—the period when its sales are traditionally strongest.

BL hopes price cuts introduced last week of up to £500 on most models will sustain sales.

Ford conceded last night that a new incentive package offered to its dealers was a defensive reaction to the BL price initiative.

Ford's incentive scheme allows dealers to decide whether to offer price reductions, cheap finance or improved trade-in terms.

Market share is important in August, when sales are boosted by the introduction of the new registration suffix.

Registrations in the first 10 days were around 160,000, but for the month as a whole are not expected to reach the 215,000 of last August.

In the early period Ford sold less than 23 per cent, Vauxhall under 8 eight per cent and Talbot under 7 per cent.

Thousands stranded as fishing dispute spreads

BY DAVID WHITE IN PARIS

THE FRENCH fishing dispute, which at the weekend came close to severing all Channel connections between France and Britain, is unlikely to be solved before tomorrow at the earliest.

Thousands of tourists risk being stranded for days unless the French Government decides again to use the French navy to tr yto free the 15 or so ports that have been blockaded.

The conflict, which began last month, when talks between Boulogne trawlermen and their employers broke down, threatens to spread from the Channel coast to Brittany, the Atlantic coast and even the Mediterranean.

The trawlermen are resisting attempts to cut crew levels and pay in order to offset rising fuel costs.

Hovercraft services to and from Boulogne and Calais were running yesterday, but they were unable to take on extra passengers. The only ferry services south of the Belgian border were to the Brittany ports of Roscoff and Saint Malo.

A strike in Brittany, the country's principal fishing region, would greatly increase the pressure on the Government, which has so far refused to become involved in the labour dispute.

At the weekend the fishermen's protest reached its peak, with all the ports of the north of France and Normandy blocked and all car and rail ferry servies suspended.

Several thousand tourists, mostly Britons returning from their holidays, were stranded, sleeping in harbour buildings or setting up improvised camp sites.

The French authorities yesterday issued instructions for the reception of stranded travellers and accommodation where possible. In Dieppe a school was opened to house waiting tourists.

In the Mediterranean, fishermen at Sete have expressed their solidarity with the striking Boulogne trawlermen, and in Corsica a port blockade is threatened from today.

The question now is whether the French Government will risk exacerbating the situation by using force before conciliation talks scheduled for Tuesday.

Last week the French navy intervened twice in Le Havre. Navy vessels were sent from Cherbourg to break the blockade, cutting fishing boats' moorings. The boats re-formed their barrier at another point in the harbour. The navy later tried to prevent a battle between the fishermen and an Irish ferry which broke through, but the fishermen succeeded in stopping the ferry from docking.

M. Joel le Theule, Transport Minister, said in Le Havre at the weekend that the situation had become unacceptable but that navy intervention was not the only way of responding to the fishermen's claims.

LANDING OF HOPE AND GLORY

A MASSED charge by British holidaymakers rescued a cross-Channel ferry from a violent attack by angry French fishermen in the port of Cherbourg yesterday afternoon.

The fishermen sat on the ferry, the Townsend Thoresen Free Enterprise II, after it had successfully run the blockade of small fishing boats that have tried to seal off the inner harbour here for the past two days.

Captain Mike Edward, in an imitation Viking helmet, manoeuvred the 4,000-ton ship into dock, to the sound of Land of Hope and Glory on the ship's speaker system.

The enraged fishermen attacked with lumps of granite, bottles, bricks, boathooks and flares. They were met with water from the ship's fire hoses.

After maintaining stiff upper lips for almost an hour, the 2,000 or so stranded British holidaymakers waiting on the quayside took matters into their own hands. They charged, and the fishermen fled in a hail of stones.

The holidaymakers then repaired the smashed electronic control box, allowing the ramp to be lowered, and fought off the fishing boats with sticks and stones. It was Captain Edward's second successful breach of the blockade in true Nelsonian fashion in 24 hours. "He's a bold sailor," one of his crew remarked.

REGINALD DALE in Cherbourg

Howe seeks to attract savers

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

THE GOVERNMENT is considering ways of raising more money directly from the large, and rapidly growing, personal savings market.

One idea under consideration is making the "granny bonds" scheme available to everyone. At present, only retired people can buy inflation-proofed National Savings Certificates worth up to £1,200. One possibility is that both the money and the age limits may be removed or significantly relaxed. The scheme would remain separate from the present save-as-you-earn index-linked plan.

Sir Geoffrey Howe, the Chancellor, has decided however against the introduction for the time being of index-linked gilt-edged stocks which would offer investors security against inflation.

The decisive voice against an experiment appears to have come from Mr. Gordon Richardson, the Governor of the Bank of England. The Bank has been particularly worried that if the UK was the only country to issue such index-linked stocks there would be a danger of a large inflow of money into London, especially from the oil producing States. This could push up an already strong pound even further. An advantage of granny bonds is that they are not marketable and can be limited to UK residents.

The Bank and the Treasury are separately considering the possibility of re-launching the variable interest rate stock in a slightly different form from at present. The three issues made so far have not been a success, largely because the insurance against rising interest rates has taken the form of six-monthly payments based on the average discount rate for Treasury bills. A more attractive version might involve a more direct link to money market interest rates

The main issue under discussion at present is whether more of the Government's large borrowing needs should be financed directly from the personal saver rather than predominantly by sales of gilts to institutions such as insurance companies and pension funds. A decision is unlikely to be taken until October or early November.

Some senior officials believe that a shift would reduce the need to sell gilts and thus open the way for a revival of the corporate debenture and loan stock market. This would have a favourable effect on the level of bank borrowings

The problem is that more agressive marketing of national savings, especially via an extension of granny bonds, might be at the expense of the building societies, which have a big hold on this market.

The issue could be particularly sensitive with the Prime Minister in view of her concern

Continued on Back Page

Concern grows as Polish unrest spreads to Romania

BY PAUL LENDVAI IN VIENNA

INDUSTRIAL UNREST is spreading from Poland to independent-minded Romania and the strikes are causing growing concern in official circles in neighbouring Hungary and Czechoslovakia.

Travellers arriving in Vienna reported on Saturday that about *3,000 workers at an industrial* plant in the city of Turgoviste, about 50 miles north-west of *Bucharest, the Romanian capital*, recently staged a strike in protest against the chronic short*age of meat in the shops.*

The stoppage lasted several hours and was followed by fresh deliveries of meat appearing in the shops the next day. Reports of sporadic protests and grumbling by embittered workers have also been officially confirmed.

President Nicolae Ceausescu, in a speech delivered at a recent conference on animal husbandry, sharply criticised the shortage of livestock, which has fallen short of targets by 1m head of cattle, 1.5m pigs and some 2m sheep. Supplies originally intended for the domestic market have had to be *diverted into export* to reduce the country's external debt, estimated at $19.4bn (£8.2bn) *at the end of last year.*

Mr. Ceausescu has apparently cancelled a visit to Jordan *which had been scheduled* to begin today. According to Romanian reports, postponement is solely due to opposition by the Palestine Liberation Organisation (PLO) to the *President's latest mediation* attempts, discussed last week in Bucharest with Mr. Bhutros Ghali, the Egyptian Minister for Foreign Affairs.

However, Western observers *presume that* Mr. Ceausescu may have felt his presence in Romania was necessary at a time of an acute crisis in Eastern Europe.

There are no signs of unrest in Czechoslovakia and Hungary, which were both victims of Soviet intervention in 1968 and *1956 respectively.*

On the eve of the 12th anniversary of the invasion, the Czech Communist Party praised the results of President Gustav Husak's recent Crimea meeting with Mr. Leonid Brezhnev, the Soviet leader, and pledged to do everything to strengthen the "*bonds of fraternal* co-operation and the unity and cohesion of the countries of the Socialist community."

However, without directly mentioning Poland, Rude Pravo, the party paper in Prague, yesterday attacked what it called the "slanders and lies" about the Communist States.

A leading Communist official said in Budapest last week that there was no question of Soviet intereference in the details of internal policy nor did Hungary wish to give advice to fraternal countries.

"For all our sympathy for Poland, severly hit also by floods, we refrain from any kind of comment because it is up to the Polish comrades to deal with a complicated situation.

Czech economists make only vague allusions to Poland when they stress the merits of financial restraint and the dangers of living on borrowed money.

The immediate danger of a Soviet military intervention in Poland is still discounted.

Leslie Colitt adds from Berlin: Warsaw Pact armies plan their largest joint manoeuvres in ten years for te first-half of September in East Germany.

They will run parallel with NATO military exercises.

They will involve 40,000 troops from all Pact countries except Romania, which refuses to allow other Pact armies to hold manoeuvres on its territory and will send only staff officers.

Under the final act of the 1975 Helsinki Agreement, signatories pledged to inform each other about "*larger*" scale military exercises on their territory, which the Soviet Union has *complied* with on several occasions. Soviet officers have attended NATO manoeuvres in West Germany but NATO officers have not been invited to Warsaw Pact exercises.

Prominent Moslem Brother killed

By Our Damascus Correspondent

SYRIAN OFFICIALS are privately confident that they have delivered *a major blow against* Moslem Brotherhood terrorists following the killing on Satur*day of Mr. Hisham Jumbaz, the* organisation's military leader. They believe the Brotherhood, *which has staged* violent attacks on President Assad's regime over the past year and a half, will be suppressed "in the foreseeable future."

Mr. Jumbaz was shot on Saturday with four other Brotherhood members in a garden in the suburbs of the central Syrian town of Homs. Large amounts of ammunition, weapons, and explosive devices were found.

The Moslem Brotherhood has attacked members and supporters of the regime of Presi*dent Hafez Assad, which is* dominated by members of the minority Alawaite sect. Diplomats in Damascus said the last major operation by the Brotherhood was the attempted ambush three weeks ago of a bus carry*ing Russian military advisers.* The bomb exploded after the advisers had left the bus.

Syrian newspapers *yesterday* carried pictures *of* 23 Moslem Brothers who had surrendered to the authorities in the previous 24 hours. President Assad issued a one-month amnesty decree to Moslem Brothers on July 7, which was extended on August 7 for a further 20 days.

Reagan scoffs at mad bomber image

By David Buchan in Washington

MR. RONALD REAGAN hit back over the weekend at last week's Democratic attempt "to portray me as a combination between Ebenezer Scrooge and the mad bomber."

The Republican contender for the White House said his candidacy seemed to be the only force uniting Democrats, but scoffed at the claim by President Jimmy Carter, who currently lags behind him in the opinion polls, that Mr. Reagan in the Oval Office would be a "threat to world peace."

Meanwhile, Senator Edward Kennedy, in interviews published yesterday, reinforced the *impression* that his backing for President Carter was very lukewarm. Senator Kennedy said that how much he campaigns for the Democratic nominee in the autumn will depend on the degree to which the President embraces the Senator's concerns about recession and unemployment.

The Senator said he would take as a test the Administration's new economic recovery plan, due to be announced in a few weeks. He also made clear that his own appetite for the presidency had if anything been whetted by his unsuccessful campaign for the Democratic nomination this year, and that he might well try again in 1984.

The main purpose of Mr. Reagan's Los Angeles Press conference on Saturday was to publicise the departure yesterday of Mr. George Bush, his Vice-Presidential running mate, for Japan and China. The aim is to calm fears in Peking and Tokyo that Mr. Reagan, if elected, would reverse the new U.S. relationships in the Far East by re-establishing diplomatic ties with Taiwan.

Mr. Reagan said this was a misinterpretation of his position

Hijack checks reimposed at U.S. airports

By Our Washington Correspondent

U.S. AIRPORT security officials *have reimposed physical checks* on passengers to try to stem the rash of hijackings to Havana by homesick Cuban refugees. Six aircraft have been hijacked in the past week.

On Saturday no fewer than three aircraft—two *taking off from Miami and one from* Puerto Rico—kere temporarily diverted to the Cuban capital.

In each case the hijackers (often more than one on each plane) threatened to start an explosion with a container of petrol that had slipped through metal detectors.

Yesterday the Federal Aviation Administration ordered airport officials to resume personal "*hijacker profile*" assessments and searches, in addition to using the metal detectors which had been the security tool since hijacking to Cuba declined back in 1973.

The rise in petrol bomb threats has clearly spread by imitation, and U.S. officials are aware the pool of potential hijackers is large. More than 120,000 Cuban "refugees" have landed by boat in the U.S. since *mid-April—many pushed out of* Cuba against their will

'Payments made' for Nigerian contracts

WASHINGTON—International Telephone and Telegraph Corporation is alleged to have made millions of dollars in questionable payments to gain telecommunications sales contracts in Nigeria, according to the Washington Post newspaper.

Mr. Howard J. Aibel, senior vice-president of ITT, yesterday *denied that the company had* made questionable payments.

Cool Israeli response to Sadat's letter

BY DAVID LENNON IN TEL AVIV

THE PROSPECTS of halting the deterioration *in relations* between Egypt and Israel appear to be unaltered by the latest letter from President Sadat delivered to Mr. Menahem Begin, the Israeli Prime Minister, over the weekend. In it, the Egyptian leader called for a summit meeting, together with the U.S. President, as the only way out *of the impasse in the negotia*tions on Palestinian autonomy.

There was some anger in the Cabinet yesterday over President Sadat's decision publicly to raise the possibility of a new summit *without* having consulted first in private with Washington and Jerusalem. But Mr. Begin re*portedly told his Cabinet col*leagues that he was not opposed to a new summit meeting, if the Americans were to seek it.

A Cabinet sub-committee will today be asked to approve a draft reply being prepared by the Prime Minister. It is likely that Mr. Begin will once again *reject* the Egyptian criticism, while calling on the President to renew the talks which he *suspended in May.*

Mr. Begin made one conciliatory gesture towards Egypt by *rejecting suggestions by* a number of ministers that he veto a visit of the Israeli Pre*sident* to Egypt because of the current tension in relations.

According to unofficial reports, Israel plans to present Washington this week with a *request for* $2.9bn aid for the U.S. fiscal year October 1981 to September 1982. This would include $1.8bn in military aid.

Our Foreign Staff adds: *President Sadat has accused Moslem* countries, now assembling for a meeting i nMorocco, of forcing Israel to annexe East Jerusalem because of their hardine stance. *In a letter to King Hassan of* Morocco, parts of which have appeared in the Cairo Press, he says that disunity among Islamic states and terrorism in some of them have provoked a more belligerent attitude in Israel.

Inter-communal clashes in India spread

By K. K. Sharma in New Delhi

A DOZEN cities in at least five Indian states were in the grip of sectarian violence over the weekend. Clashes between the majority Hindu and minority Moslem communities have now claimed over 150 lives in the past four days. About 250 people have been injured.

The authorities suspect that the clashes are the result of a *well-co-ordinated* plan to create *inter-communal* tension in the period following the fasting month of Ramadan which ended last week.

One minister in the northern state of Uttar Pradesh, the worst affected by the rioting, has alleged that there is evidence that the clashes were organised by another country which he did not name. Whether or not this is true, the rioting threatens to spread to many other cities which have large Moslem populations.

There has been fresh rioting *in Delhi and in the states of* Gujarat, Madhya Pradesh, Kashmir and Uttar Pradesh. *Many cities are tense and have* armed soldiers patrolling the streets. The situation is particularly bad in the city of Moradabad in Uttar Pradesh

ANC 'not seeking bases inside Zimbabwe'

BY TONY HAWKINS IN SALISBURY

THE AFRICAN National Congress of South Africa is not seeking bases in Zimbabwe for guerrilla infiltration into South Africa, Mr. Oliver Tambo, its President, said in Salisbury

Speaking after a meeting with Mr. Robert Mugabe, the Zimbabwe Prime Minister, Mr. Tambo *said he had not come* to ask for bases. The ANC believed that it must avoid *doing anything that might* jeopardise Zimbabwe's hard-won independence, Mr. Tambo said.

He admitted that his organisation would like to have the bases, but said this problem was being solved, though he would not say how. Mr. Tambo also said that whites who were leaving Zimbabwe to go to South Africa were jumping from the *frying pan into a* "raging inferno."

His comments follow an *apparent hardening of the* Zimbabwean attitude towards South Africa. Dr. Nathan Shamuyarira, Minister of Information and Tourism, told Parliament on Friday that he wanted to see the tourist inflow from South Africa reduced to zero

Meanwhile, General Peter Walls, who on Friday was *threatened* with possible prosecution or administrative action by the Zimbabwe Government *for his alleged complicity in* a military plot to prevent Mr. Mugabe's party from taking power has strongly denied that there was any plan for a military coup.

The Walls affair has diverted attention in Zimbabwe from the case of Mr. Edgar Tekere, the Cabinet Minister who is currently being held in gaol pend*ing trial for the alleged murder* of a white farmer two weeks ago. Mr. Tekere is scheduled to make a second appeal to be released on bail today

THE WORLD BANK REPORT

Latest projection of growth sharply down on last year's

BY DAVID DODWELL

THE *World* Bank's *economic* projections for the 1980s have been thrown awry by events of *the past 12 months.*

As a result, even the high case projections for world economic *growth over the* coming decade made by bank economists in this year's Development Report are on a par with worst projections made a year ago.

Noting an 80 per cent increase in the real price of oil since 1978 the bank economists project an annual 3 per cent rise in the real price of oil for the decade ahead. This contrasts with forecasts a year ago of no increase in real price.

Oil importers in the Third World can expect oil costs to rise from $29.2bn (£12.3bn) in 1978 to $57.8bn (£24.3bn) this year and almost $200bn *(£84.3bn)* in 1990. As a result, current account deficits will swell—from $27.1bn (£11.4bn) *in 1978 to $61bn (£25.7bn) this* year and $104bn (£43.8bn) in 1990.

Slow growth is by no means entirely due to higher oil prices. Equally important, according to the Bank, is productivity growth, which slowed to 1.7 per cent a year over the 1970s. They blame this on "incomplete adjustment" to *rising energy* costs, sluggish investment, and failure to equip workers with skills appropriate to new technologies emerging over the decade.

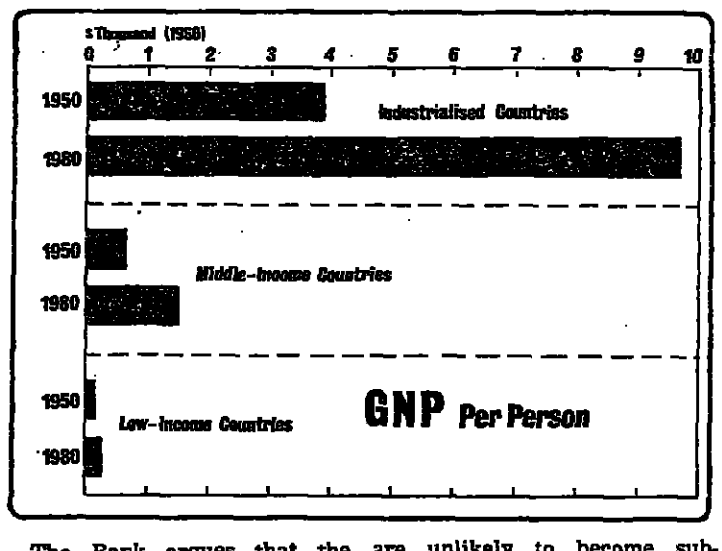
*After revising growth fore*casts, the Bank now predicts an optimal 2.8 per cent growth of GNP per person for the industrialised countries between now and 1985 (compared with a low case projection of 3.1 per cent a year ago).

Growth per person among the middle income countries will not exceed 2.6 per cent, with low income countries almost stagnant with the corresponding figure projected at 1.7 per cent. Only the oil exporters can expect higher growth—an optimal 3.5 per cent per person.

However, learning from the lessons of the past year, the Bank warns of "some disturbing signs that the seeds of the Low Case (growth projection) *are already being sown*"—serious political instability across the globe, "major prob*lems in capital markets*" and hints of "a breakdown in world economic co-operation."

It concedes that recovery this time will be much more difficult:—

- Because economies have already been weakened by the jolt of 1974:
- Because many countries are already deeply in debt:
- Because the oil exporting countries which played such an *important role* in maintaining demand for exports in the wake of the oil-price increases, are unlikely to expand *rapidly as* export markets in the years ahead.



The Bank argues that the main initiative for economic recovery must come from the industrialised world. As the *main traders (accounting for* 66 per cent of world trade), the main energy consumers *(accounting for 87 per cent of* total world production), and as the main source of capital funds and aid.

Four policy proposals are made:—

- Industrialised countries must adjust to carrying large balance of payments deficits.
- They must promote trade ("the principal means of promoting economic efficiency and growth") by opening up to imports particularly from the developing world. They must resit protectionist pressures and find alternative employment for workers displaced by cheap imports.
- *They must conserve energy* by introducing realistic pricing and by more efficient use.
- They must maintain the flow of capital to those developing countries which can afford to *borrow, and must increase aid,* since the poorest countries cannot afford commercial funds and are unlikely to become substantial *importers of goods made* in the industrialised world unless aid flows speed development.

While oil exporters are called upon to contribute to economic recovery by maintaining a steady change in oil prices, by recycling their oil profits and by maintaining imports, the report emphasises that the developing countries face difficult policy decisions if they are to alleviate *poverty and improve growth.*

This can best be done, the report argues, by aiming for rapid export growth (rather than import substitution, which is to be encouraged only with caution mainly as a way of achieving food and energy self-sufficiency).

Developing countries do not have the same capacity as the industrialised West to trim energy consumption—they are nominal consumers anyway, and need oil to speed some aspects of development. The report nevertheless *calls* for realistic energy pricing (Indonesia charges for petrol just 40 per cent of the world price) and increased development of indigenous energy sources.

David Tonge reports on a gloomy prognosis for aid and loans

Looming spectre of debt repayment

THE REPORT stresses the need for major capital flows to the developing countries to prevent their growth being seriously hit. But it warns that these flows are likely to be "relatively modest in the 1980s." It adds: "There is a serious risk that reluctance or inability to finance large external deficits will lead to levels of trade, investment and economic efficiency . . . lower than anyone would wish."

A lengthy analysis of the *banking system concludes that* banks are unlikely to repeat the "extraordinary expansion" of lending which followed the 1973 oil price increases. The report finds that by 1990, developing countries will be using at least four-fifths of all fresh loans to service their existing debt.

It *says*: "There is a real danger that the modest aid increases projected in this report will not be achieved." It argues that growth *in* the developing world as a whole could be reduced by 0.3 per *cent each year* if *aid should* be at the bottom rather than the top of the Bank's range of forecasts.

In 1980 the total net flow of medium and long-term capital to the developing countries is forecast to reach *$74.6bn* (£31.4bn). At constant prices, this is very close to the level of 1975. *It is made up of the* same mix of three-fifths private funds and two-fifths public funds.

Looking to the future the report warns that without a strong stand by Governments the more gloomy of its scenarios, the Low Case, "is the likelier outcome." It says that there are disturbing signs that the seeds of this scenario are already being sown. It describes how some middle-income countries are already experiencing both debt and political difficulties.

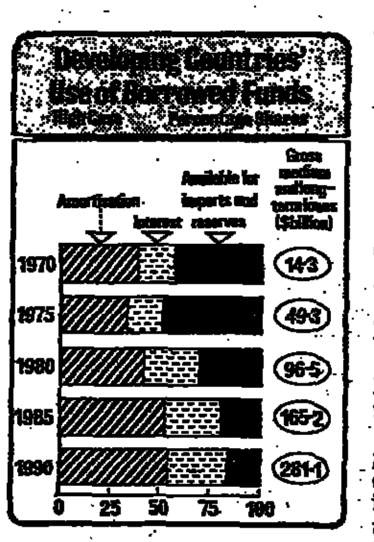
It also notes that "aid for *low-income countries is* far from certain to meet the modest requirements of the High Case." But its *own tables and forecasts* concentrate almost exclusively on this more optimistic prospect.

Under this, oil-exporting developing countries are forecast to finance their own growth largely from their oil revenues until the mid-1980s when they would begin to need to borrow heavily.

For oil-importing developing countries the outlook is mixed. The middle-income countries' current account deficits, which in 1975 reached the equivalent of 5.3 per cent of GNP and this year are expected to be equivalent to 4 per cent of GNP, are forecast to be down to 1.8 per cent of GNP by 1990.

But the poorer countries are forecast to maintain deficits at around 3.8 per cent of GNP. The Bank says *that these countries* will only be able to finance such deficits if two conditions are met—that official aid in current prices trebles over the next decade and a *greater* share of this aid is steered to the poorer countries.

The Bank forecasts that, if developing countries are to *grow at the fastest rate* it considers probable, the net annual requirements for medium- and long-term capital by developing countries will reach $177.9bn (£75.06bn) in 1990.



In real terms this is 24 per cent higher than in 1980. But the share of private capital is expected to fall and the Bank's forecasts, corrected for infla*tion, imply that the flow of* private loans to developing countries will barely rise during the next decade.

The report gives two main reasons why the banks are *expected to hold back in giving* loans to developing countries:

- increased competition for funds from industrialised countries anxious to invest in energy programmes, from the Soviet bloc, and from China.
- the failure of the capital base (shareholders' equity plus retained earnings) of the main banks in the U.S., West Germany and Japan to keep pace with the rapid expansion of lending.

It also stresses how the banks may wish to limit exposure in some areas. Nearly one-half of bank lending is to five countries—Brazil (16.1 per cent in June 1979), Mexico (11.7 per cent), Venezuela (7.5 per cent), Spain (6.5 per cent) and Argentina (4.8 per cent).

The report describes how developing countries pay an average of about 0.5 per cent higher spread than France. It also warns that interest rates, which in 1979 were about twice as high as in 1976 and 1977, are liable to remain higher than in the past.

Turning to other sources of *private capital*, the report describes how in 1979 bond issues by developing countries totalled $3.9bn (£1.6bn), one-tenth of total international bond issues, and says that in the foreseeable future bonds will not substitute to any great extent for commercial bank lending. It also predicts that direct investment over the next decade will probably only grow at about 3 per cent per year in real terms.

The report warns that if the necessary finance cannot be obtained, growth in the develop*ing world could slip and* "the number of countries in serious debt difficulties would increase." However, it also takes a pessimistic view of the future of official development aid. It predicts that aid by members of the Organisation *for* Economic Co-operation and Development, the Paris-based grouping *of 25 industrialised* nations, is likely to remain at an average of 0.36 per cent of their GNP, as compared with the UN target established ten years ago of 0.7 per cent.

Why human development holds the key to strong economic growth

BY DAVID TONGF

THE MAIN THEME of this year's report is the link between economic growth in the developing countries and human development.

This year the emphasis is on the importance to growth of education, fertility control, health and nutrition.

Between 1950 and 1975 adult literacy in middle-incomge developing countries, rose from 48 to 71 per cent, and in low income countries from 22 to 38 per cent. *The report shows* that the fastest developing countries all had literacy rate above the *norm for their average* income. It also says that increases in literacy contribute both to increased investment and to increases in output per worker.

The report writes that a *decade or two ago money spent* on primary education was often regarded as diverted from activities that would have contributed more to economic growth. But it quotes studies that show that farmers with four years of primary education produce an average of 13 per cent more than *those without* education. It also says that studies that compared the increase in production resulting from education with the costs of that education (for example in South Korea, Malaysia and Thailand) "found rates of return comparing very favourably with investment in other sectors." The rates of return on primary education average about 24 per cent.

"Educating girls may be one of the best investments a country can make in future *economic growth and welfare*—even if the girls never enter the labour force," it writes. It stresses how mothers' rather then fathers' influences are crucial for children: that educated women marry later and are likely to know about and use contraceptives, thus reducing fertility; that the *more* educated are mothers the less likely their children are to die; and, as studies in Brazil have shown, families were better fed the higher the mother's education.

The report stresses the poor quality of education in many developing countries and says that major improvements have been obtained by spending relatively minor sums on text books, as has happened in the Philippines, or through radio broadcasts, as in Nicaragua.

Turning to fertility control, the World Bank says there has been a slight reduction in *population growth* but that by the year 2000 the world's population could reach 6bn, com*pared with 4.4bn today. All this* increase is expected to take place in the developing world, whose population is projected to increase from 3.3 to 4.9bn. India's population is forecast to *increase from 672m to 974m,* Brazil's from 126m to 201m, and Nigeria's from 85m to 153m.

The report says that 92 per cent of the developing world's people now live in countries *where family planning* is official policy or has public support. But it says the amounts spent on contraceptive research is falling.

One particular example it cites is of the *banjars* of Bali. These are the traditional village councils which the Indonesian authorities have won over to their family planning programme. "Typically, the monthly *banjar* meeting now begins with a roll call; each man responds by saying whether he and his wife are using contraceptives. Replies are plotted on a village map—prominently displayed."

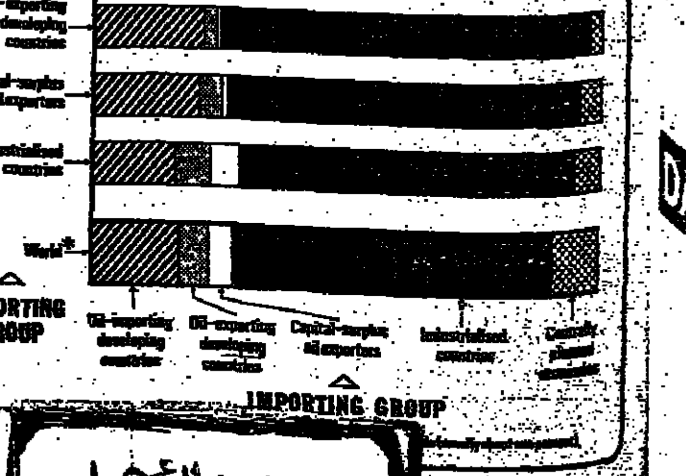
The results have been striking, with 49 per cent of couples in a dailBpintog vbj cmf cmf in Bali adopting family planning, compared with 29 per cent for the country as a whole.

On the question of health, the report stresses that a fit work force is more energetic, physically and mentally, and more willing to accept innovation.

It describes the major improvements *in life expectancy* in recent years: between 1950 and 1978 life expectancy in the *low-income developing countries* rose by 15 years, from 35 to 50. But this was still 11 years less *than life expectancy in middle*-income countries—and 24 years less than life expectancy in the industrialised countries.

Among the report's striking statistics are: that babies born in a developing country on average live 20 years less than those born in the industrialised world: that in 1975 deaths among children under five years old accounted for 48 per cent of all deaths in Brazil and 1 per cent of all deaths in Sweden; that deaths per motor car in Nigeria are 100 times more than in the U.S.; and that Bangladesh spends $2 (£0.84) per head on health, and West Germany $700 (£215).

The report says that within a family, women, particularly if pregnant, will tend to be more undernourished than men. It says that the famines in Ethiopia in 1973-4 and in Bangladesh in 1974 were not caused by a fall in the average amount of food available. "Rather, droughts caused local declines in farm incomes so that people in affected areas could not afford to buy *food* from unaffected areas."



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Moves to abolish quotas rejected

Australia to maintain textile curbs

BY PATRICIA NEWBY IN CANBERRA

THE AUSTRALIAN Government has rejected proposals for significantly reducing the level of protection on textiles, footwear and clothing.

This follows a year's debate on the issue. The Industries Assistance Commission (IAC), which advises the Government on tariff policy, had recommended that quotas on these sensitive manufactured goods be abolished and that tariffs be gradually reduced over a five-year period starting in 1981.

The IAC draft report when it was published a year ago, drew protests from the sectors concerned. They predicted that factories would close and jobs would be lost if the domestic industry was subject to competition from low-wage countries, especially Australia's Asian neighbours.

The clothing, footwear and textile industries employ about 100,000 people directly and about 200,000 indirectly, representing about 20 per cent of the total manufacturing workforce.

Mr. Phillip Lynch, the Industry and Commerce Minister, and Mr. Vic Garland, the Business and Consumer Affairs Minister, announced the decision on Friday after the Cabinet had considered the issues.

The ministers said the Government was not prepared to accept the estimated job losses of 11,000 beyond the expected decline in employment in the industry of 19,000 by 1986 resulting from new technology. Australia's unemployment level is currently 5.8 per cent.

The main argument for reducing the tariffs was economic. As Australia proceeds into the 1980's resources boom it is argued that the expected capital inflow and increased export earnings will cause distortions in the economy if imports are not allowed to grow along side. Australia already has an annual trade surplus of A$4bn (£1.9bn) some of which is whittled away by the cost of invisibles such as shipping and insurance.

The two ministers said Australia already provided a degree of access to its market that compared well by international standards. Imports account for 32 per cent of the Australian market for textiles, 22 per cent for clothing and 36 per cent for footwear.

The Government's decision against implementing a significant reduction in textile protection has caused some surprise here. The textiles industry is the most capital intensive of the sectors involved and would therefore result in the least loss of jobs.

The decision has disappointed the Treasury, which has been strenuously advocating lowering of protective barriers and a gradual restructuring of industry towards manufactured goods in which Australia can compete such as those with high technology or high education requirements, and to tertiary and service industries.

It will also disappoint the Trade and Foreign Affairs Departments which have to deal with complaints from Australia's trading partners and neighbours, most of whom have substantive trade deficits with Australia.

This year's federal election is likely to have been one reason why the Government did not want to risk measures which could increase unemployment. The Cabinet deferred a decision on the issue last month.

Canberra shrugs off Korean trade protest

BY OUR CANBERRA CORRESPONDENT

SOUTH KOREA has complained to Australia about the growing imbalance in Australia's favour of trade between the two countries.

At the 11th round of annual ministerial trade talks between the two countries held in Canberra last week, the Korean delegation asked Australia to review the imbalance and introduce measures to promote "healthy and equitable development of future bilateral trade."

Total trade turnover for the financial year ended June 30 this year was around A$546m (£272m) of which A$406m was Australian exports to Korea—mainly iron ore and coking coal.

Trade between the two countries declined slightly compared with the record level of A$584m in 1978-79 which was a 52 per cent increase on the previous year.

Mr. Shin Byong Hyun, the South Korean Minister of Commerce and Industry, led the South Korean delegation which met the Australian delegation headed by Mr. Doug Anthony, Australian Deputy Prime Minister and Minister for Trade and resources.

The South Koreans want greater market access for their manufactured goods, particularly textiles, footwear, electronics, and iron and steel products.

The Australian Government argues that lower protection would not have much impact on the level of South Korean imports because of Australia's relatively small market with a population of only 14m. Also any increase would be further reduced because of competition for market share from the five member nations of the Association of South-east Asian Nations (ASEAN) as well as Taiwan and China, the South Pacific Islands, and even New Zealand which makes textiles more cheaply than Australia.

The Australian delegation tried to shift the emphasis of the talks away from trade balances to the concept it is pushing within the South-east Asian region in general, that Australia should be seen as a long-term, stable supplier of raw materials and energy for the good of the whole area.

Mr. Douglas Anthony, Australian Deputy Premier

Indonesia awards refinery contracts

By Richard Cowper in Jakarta

THE INDONESIAN Government has awarded design and construction contracts for the $800m extension to the Dumai oil refinery in central Sumatra.

The contract for process engineering and design has been won by United Oil Products (UOP), a subsidiary of Signal of the U.S., while two Spanish engineering companies, Technicas Reunidas and Centunion have been appointed to carry out the construction work.

The refinery will be operated as a joint venture between Pertamina, Indonesia's State owned oil company, and Hebrides Enterprises of Hong Kong.

Finance for the 85,000 b/d hydrocracker will come from a mix of commercial loans, export credits and equity.

Spain has granted $290m in export credits via the Banco Exterior de Espana and the Austrian Government has agreed to provide export credits of $150m through its export credit agency, Credit Anstalt-Bankverein. American Express will lead a Eurodollar syndicated loan of at least $200m, and the remaining funds will come from the Indonesian Government and Hebrides Enterprises.

The deal, which has been on the cards for several years follows decisions taken in the spring to go ahead with $1.6bn worth of extensions to Indonesian oil refineries at Balikpapan in East Kalimantan and Cilicap in Central Java.

The three extensions, which should all be ready by 1983, will more than double Indonesia's existing refinery capacity to around 485,000 barrels per day.

Sabah's $500m paper complex draws foreign group interest

BY PAUL CHEESERIGHT

SEVEN international companies have expressed interest in building and operating a $500m pulp and paper complex in the Eastern Malaysian state of Sabah. The state Government expects specific proposals by the end of the year.

The companies include Parsons and Whittemore, the UK subsidiary of the U.S. group bearing the same name, Kloeckner of West Germany and the Hong Kong-based European Overseas Development Corporation have been in touch with the state Government.

Svenska Cellulose of Sweden is sending a team to Sabah this month, while Oji Paper of Japan and Samsung of South Korea have noted preliminary interest. Voest Alpine of Austria is also said by Sabah Government officials to be examining a project.

The state Government wants a plant with annual capacity of 200,0000 tonnes. Excess pulp would be exported and paper machines gradually introduced to cater for the domestic Malaysian market.

Malaysia's annual paper requirements are put at 300,000 tonnes, but present local production is only about 20,000 tonnes.

The state Government has shown in previous, abortive negotiations on the project that it is prepared to grant extensive timber concessions, thus opening the way for basic timber exports as well.

Its first talks on the subject were with Birla Brothers of India in 1977. Birla's interest lapsed because of internal conditions in India but were revived last year. By that time capital costs had increased, and Birla wanted to scale down the project and be granted what to the Malaysian authorities was an unacceptably high degree of tariff protection.

It is not clear whether Birla will make a further bid for the project.

The attraction of Sabah to overseas groups is the ready access to the timber. Noting that world timber resources were diminishing, Parsons and Whittemore said at the weekend that more developments of this type could be expected in the Southeast Asian area.

Parsons and Whittemore have alerted the Sabah Government to their interest but have so far received no response.

Manila ponders fertiliser bids

MANILA—Four multinational consortia are expected to lead the way when bidding begins today on a fertiliser plant projected to cost $300m.

The plant, to be built at Isabel in the central Philippine island of Leyte, will have a capacity of 350,000 metric tons a year when completed in 1983. It is one of 11 industrial projects being pushed by the industry ministry. The four consortiums are Badger Engineering of the U.S. and Mitsui of Japan; Simchem of Britain and Toyo Engineering and Marubeni of Japan; Foster Wheeler/Iberia and Technicas Reunidas of Spain, and Lurgi of West Germany; and Coppee Rust of Belgium, Dragados of Spain and C. Itoh and Mitsubishi of Japan.

The four consortia are bidding to supply the equipment and build a sulphuric acid plant, a phosphoric acid plant, an ammonium sulphate plant and a granulation complex for the fertiliser plant. Ministry of Industry officials put the price tag at $300m-$350m, while others put it as high as $400m.

Negotiations also are continuing on the equity participants in the project, dubbed the Philippine Phosphate Fertiliser Corporation. Ideally, said Mr. Roberto Ongpin, the Industry Minister, 60 per cent of the equity will be taken up by the Philippine Government
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● The Taiwan Power Company (Taipower) has invited five foreign companies from three countries to bid on a fourth nuclear power plant, Reuter reports from Taipei. The five companies are General Electric, Westinghouse Electric and Combustion Engineering Co., all of the U.S., as well as the French-based Framatome and the West German Kraftwerk Union.

World Economic Indicators

FOREIGN EXCHANGE RESERVES (U.S.$m)

	June '80	May '80	April '80	June '79
UK	20,467	20,368	20,147	16,890
France	23,829	23,788	23,603	14,031
W. Germany	44,172	42,778	42,911	41,481
Italy	19,105	20,919	21,531	18,166
Netherlands	9,306	8,949	9,014	6,260
Belgium	6,147	5,057	4,120	4,121
U.S.	5,582	5,721	5,558	6,049
Japan	18,624	17,315	14,886	20,855

Source: IMF

SHIPPING REPORT

U.S. coal trades main attraction

BY OUR SHIPPING CORRESPONDENT

ONCE AGAIN it has been the U.S. coal trades that have been the chief attraction in the dry cargo markets. Rates on the key U.S. Hampton Roads/Japan run are now up to $27 per tonne—an increase of one-third over the last month.

The major factor is the Australian coal strike which is now in its seventh week and still shows no sign of ending. Serious congestion is occurring at Hampton Roads which is exacerbating the shortage of coal tonnage.

Even if the Australian strikes finish quickly it will take several weeks before stock levels are rebuilt and, in the interim, Japanese charterers, in particular, are anxious to load coal. Denholm Coates reports that the Japanese are now quoting for fixtures as far ahead as October.

The strength of the coal business has spilled over into a handful of other trades. The U.S. Gulf/Japan grain rate for 50,000 tonners has risen to $27.50 per tonne. Meanwhile, the important U.S. Gulf/Continent grain rate has hedged up to $16.50 per tonne for 60/70,000 tonners.

In its weekly bulk carrier report, Galbraith Wrightson concludes that as long as the Hampton Roads coal trades remain extremely active the grain market will continue to strengthen.

However, while the coal rates are nearly back to their June levels of $28 per tonne, the key U.S. Gulf/Continent grain rate for Panamax bulkers, is still around one-third below the $23.75 per tonne peak reached at the beginning of June.

In the tanker market there has been a marginal improvement amongst the larger vessels. Rates for Ultra Large Crude Carriers have recovered to about Worldscale 18½ from their recent low of Worldscale 16 for voyages westwards out of the Gulf.

For the slightly smaller VLCCs Worldscale 25 seems to be the benchmark figure for trips Arabian Gulf/West.

In the sale and purchase market, Lambert Brothers' latest monthly newsletter sheds more light on the extent of the recent Chinese activity which has been underpinning the market. They estimate that the Chinese have bought just over 2m dwt at a cost of $580m so far this year.

If this scale of investment continues the Chinese will have soon bought more ships than they did during their last buying spree in 1978, Lambert Brothers reckons that they picked up 2.4m dwt for $475m during that year.

PoliBur wins Warsaw deal

By Our World Trade Staff

POLIBUR ENGINEERING of Manchester has signed a £10m contract to provide management and procurement services for a scheme to redevelop and modernise sectors of Polish industry. The contract is between PoliBur and Polimex-Cekop, the largest foreign trade organisation in Poland.

The work, which will be spread over a three-year period, will involve updating plant and machinery used in the Polish chemical and food processing industries.

The contract will result in considerable orders for plant and equipment being placed with UK manufacturers, and the financial side of the transaction is being handled by Lloyds Bank and Banke Handlowy of Warsaw.

● Plessey Radar has won a £2m contract from the Civil Aviation Directorate of Oman for the installation of a primary and secondary radar system at Seeb International Airport.

● Racal Decca has received a £390,000 order from the Mozambique Aviation Ministry to instal two Decca Doppler VOR naviation beacons, type DVB 50, at Hampula and Beira.

European lotus eater's guide: lunch in Lisbon, scotch in London

BY ALAN PIKE

THE managing director of a medium-sized British company, depressed at the news that he is earning only half as much as his counterpart in Austria, can seek solace in whisky — which in Vienna would cost up to £8.90 per bottle.

If he prefers to drown his sorrows in instant coffee, there is even better news. The jar for which he has paid up to 94p (at January, 1980, prices) costs £4.49 in Austria.

Happy again, the British businessman can leave the £75,000-£85,000 four-bedroomed detached house in London which—if he could find one—would cost £178,000 in Vienna and celebrate by having his hair cut at a mere fraction of the Austrian price.

These figures, and many more, are contained in the ninth edition of the Confederation of British Industry's survey of wages and prices in Western Europe, published today. The guide is aimed at companies establishing industrial or sales operations in Europe, and is not intended as a comparative study of one country's prices against another's.

Indeed, perhaps concerned at the use to which some of the information might be put if the guide fell into the hands of trade union negotiators, the CBI specifically warns: "What may seem to us to be astronomical pay for the skilled worker may not necessarily bring him a better standard of living than he would have doing the same job in Britain."

While it would be unfair to make serious comparisons on the basis of the guide, its 94 pages demonstrate patterns and trends. Narrow pay differentials in Britain, for example, mean a general manager will be lucky to earn more than twice as much as a skilled worker.

In countries such as Italy, France and Belgium it is quite common for the gross pay of senior management to be six times as much as that of skilled workers.

Norway, Denmark and Ireland all have differentials patterns more like the British one, but gross pay is higher.

The guide contains a range of information of use to companies operating in Europe and also—in areas like the cost of educating expatriate children — of value to individual businessmen and women.

Any company anxious to keep entertainment expenses under control should think seriously about moving to Portugal. The average cost of an evening meal for four people in a fashionable restaurant "including two aperitifs each, a three-course meal, two bottles of good vintage wine, coffee, tax and service" is £46-£53. In Milan you will pay up to £164 and in Paris £131. And, as a bonus, the best cinema seats in Lisbon cost only 53p.

Sick pay proposals criticised

By Alan Pike

ENGINEERING employers have told the Government that they strongly oppose proposals to make companies responsible for paying employees' sickness benefit without "any remotely adequate compensation."

A Green Paper has proposed that employers should, in return for a once-and-for-all 0.5 per cent reduction in their National Insurance contributions, become responsible for paying £30 per week sick pay for eight weeks of sickness in a year.

After consulting its 6,500 member companies the Engineering Employers Federation has said it agrees with the Government's stated objectives for proposing the change—to reduce Civil Service manpower and to avoid the non-taxation of State sickness benefit.

But it believes the Green Paper "entirely fails to take account of the very large cost implications which it proposes."

Typical engineering companies, says the federation, would require reductions in National Insurance contribution liability of between 1.5 and 2 per cent, rather than the proposed 0.5 per cent, to compensate simply for operating the proposed new scheme.

But it would, in any case, be impossible for employers to accept a once-and-for-all compensation arrangement which could not be guaranteed to continue. The reduction in employers' National Insurance liability could be nullified in the future, while the £30 sick pay for which they were responsible might be progressively increased.

The federation also fears that the proposed arrangements would put pressure on companies to improve their domestic sick pay arrangements. It does not believe the Government has recognised the "great volume of bargaining, and the potential for conflict, which will fall upon employers in consequence of every sick pay scheme being opened up for re-negotiation as a result of implementing the Green Paper's proposals."

M3 may be boosted by 3%

By Peter Riddell, Economics Correspondent

STERLING M3, the broadly defined money supply, may be boosted by about 3 per cent in the next two months. This is a result of further unwinding of the distortions caused by corset controls on the banks, says stockbrokers L. Messel.

In a circular, the firm says that switching back within the measured money supply (reintermediation) from uncontrolled and unmonitored channels may amount to £4½bn, of which roughly £3bn occurred last month.

Messel expects the further £1½bn (equivalent to 3 per cent of Sterling M3) to come in the August and September banking months. Consequently, the firm doubts whether the authorities will contemplate a reduction in Minimum Lending Rate for at least a couple of months until the situation is clarified.

Commenting on the 5 per cent jump in sterling M3 last month, stockbrokers Hoare Govett says the monetary laxity was largely confined to 1979.

In the current year, conditions have been less easy and from a somewhat higher base, growth may have slowed to a 13 to 15 per cent range.

Mr. Roger Nightingale, Messel's economics director says that "if the principal objective of the Government remains the lowering of inflation, the authorities can continue their current stance in the confident knowledge that moderation is in sight."

Stockbrokers Phillips and Drew argues in a new circular that sterling has now suffered the longest and largest loss of price competitiveness of any major currency since the period of floating exchange rates began in 1973.

Since mid-1978 sterling's loss of wholesale price competitiveness, measured by percentage deviations from a trend loss, has deteriorated rapidly and is now approaching 25 per cent.

Assuming a 10 per cent a year world inflation rate up to 1984, the UK rate would need to average about 4 per cent a year for the current exchange rate to be justified on price grounds by 1984, says Phillips and Drew.

Sasse rejects Brazilian offer

BY JOHN MOORE

MEMBERS of the Lloyd's of London underwriting syndicate once headed by Mr. Frederick Sasse have rejected an offer of $6.35m (£2.67m) from the Instituto de Resseguros do Brasil, the Brazilian Reinsurance Institute, representing payment on the syndicate's reinsurance claims.

Additional Underwriting Agencies (No. 2), the Lloyd's company which is looking after the affairs of the syndicate, has told the 110 members that the offer by the Brazilians "is thought to be inadequate."

The syndicate has been sueing the Brazilian group since 1978 to recover claims on U.S. fire reinsurances on business produced for the Sasse syndicate by a U.S. company called Den-Har Underwriters. The syndicate is facing about $16m of losses from this business, but if it is successful in obtaining reinsurance payments from the Brazilians it could reduce its losses by about $13m.

The Brazilians had offered earlier to pay $3m "in full and final settlement," but this was rejected by lawyers acting for the syndicate who are pursuing claims with "the utmost vigour."

In other legal proceedings the syndicate is attempting to recover reinsurances which will reduce the syndicate's total losses of £21.5m: it has rejected in legal proceedings an offer of £1.4m made by the Meacock syndicate.

"An offer made by the Meacock syndicate to repay £1.4m in respect of premium paid by the syndicate 762," the Sasse syndicate, "has been rejected, but that sum may be regarded as the minimum sum, before expenses, which could be recovered;" Additional Underwriting Agencies has told the members.

The latest round in the Sasse litigation follows the proposal by Lloyd's to mount a rare market rescue for all of the members of the Sasse syndicate, with the exception of Mr. Frederick Sasse and five other members more closely involved in the day-to-day fortunes of the syndicate. Under the scheme more than £15m of the syndicate's losses is to be borne by the whole Lloyd's market.

Air stopover battle looms

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

THE BATTLE for traffic on the London-Hong Kong air route takes a new turn this week, when airlines on the route apply to the UK Civil Aviation Authority for rights to pick up traffic at intermediate Middle Eastern cities.

British Caledonian Airways wants to pick up and set down passengers at Dubai, Bahrain, Sharjah, and Abu Dhabi. Cathay Pacific wants rights between London and Bahrain and Dubai. Laker Airways is asking for rights to use Sharjah.

The three are all objecting to each other's applications, as is British Airways.

Thus, when the three days of public hearings before the Civil Aviation Authority start tomorrow there is likely to be acrimony.

The airlines believe they will be able to make the Hong Kong route pay sooner if they are given rights to intermediate points.

● Dan-Air is applying to the Civil Aviation Authority to knock between £8 and £17 off standard economy single fares to the Channel Islands. The airline also announced plans to increase flights on the Aberdeen-Gatwick route.

Tractor plant jobs may go

By Arthur Smith, Midlands Correspondent

TRADE UNIONS fear that Massey Ferguson is about to announce redundancies at its Coventry tractor plant.

The Banner Lane factory, one of the largest in the Western world, with an output potential of 80,000 units a year, has been working at only about 75 per cent capacity.

The company warned trade unions earlier this month that even with a new contract from Iraq worth more than £40m, some short-time working would be necessary to the end of October.

The management is reviewing production programmes beyond that, and seems likely to call for a cut in the 4,000-strong Banner Lane workforce.

About 80 per cent of output is exported. Its principal markets, Western Europe, Africa and the Middle and Far East, are all depressed.

The overall drop of around 10 per cent in world demand for tractors has hit much of the UK industry, causing short time and redundancies. Home sales are expected to drop by about 25 per cent this year from 27,000 in 1979, itself a poor year.

Nearly 150 jobs will be lost at the JCB factory at Rocester, Staffs. The excavator company is to put its 1,800 workforce on to a four-day week from today.

The company said that it hoped that volunteers for redundancy and early retirement would reduce the number of enforced redundancies.

It blamed the situation on high inflation and a severe decline in demand for earth-moving machinery in Britain and America.

The Bemrose Corporation is to start short time today to prevent further redundancies in its flexible packaging department at Spondon, Derby, where 50 people will lose their jobs. Bemrose has applied to the Department of Employment for assistance under the Government's short-time working scheme.

Hopes of Labour moderates grow

BY ELINOR GOODMAN, LOBBY STAFF

LABOUR Party moderates are becoming optimistic about the chances of eroding Left-wing domination of the party's National Executive Committee this year.

They now believe they may succeed in ousting one Left-wing member—and possibly even two—from the executive's women section, as well as replacing Baroness Jeger, who is retiring, with a candidate who could be relied upon to vote consistently against the Left.

Such a change in the women's section could alter the balance of power on the 29-member executive, seriously endangering the Left's superioity there. Voting will take place at the party conference in Blackpool, when the two sides of the party will fight over the three main constitutional issues facing Labour.

With six weeks to go, the moderates remain cautiously optimistic about defeating Left-wing proposals to change the rules for electing the party leader and writing the manifesto. But the Left is already working hard to win a sizeable majority of the 500,000 constituency party votes. Supporters of Mr. James Callaghan, the party leader, admit they cannot be confident of victory.

Mr. Callaghan's camp believes control of the NEC is fundamental to the long-term fight for power in the party. But moderate hopes for successes this year in the women's section are tempered by past failures and the possibility that changes in other sections of the NEC could cancel out some of the gains.

‘It is not possible to say how many seats the moderates would need to gain control’

The Right has been predicting gains in the women's section for three years, but has failed to make any.

‘The Right has been predicting gains in the women's section for three years, but has failed to make any’

Their hopes this year rest almost entirely on the Amalgamated Union of Engineering Workers, which, with 970,000 votes, played a decisive role at last year's conference. A majority of one on the union's conference delegation resulted in all its votes going to the Left on the key constitutional issues. This year, Mr. Terry Duffy, the union's Right-wing president, believes the moderates may have a majority on the conference delegation.

Voting for the delegation has been taking place over the last few weeks, and Mr. Duffy yesterday was reasonably confident that this year the moderates would have a majority of one. This would mean they would vote for Dr. Shirley Summerskill, Mrs. Betty Boothroyd, and Miss Dianne Hayter, the Fabian Society's general secretary, as well as Mrs. Shirley Williams, who is already on the women's section.

The AUEW probably would not oppose the re-election of Dame Judith Hart but, if the Right succeeds in winning control of the delegation, they could make it very difficult for either of the two most consistent Left-wingers on the women's section—Joan Maynard and Renée Short—to be re-elected.

Although the Left clearly dominates the Executive, several members, though tending towards the Left, do not invariably vote with them. For this reason, it is not possible to say how many seats the moderates would need to gain control

Grocery index shows slight fall

BY OUR CONSUMER AFFAIRS CORRESPONDENT

GROCERY PRICES in the shops in August have continued the relative stability of the past four months.

The latest Financial Times Grocery Prices Index, published today, shows a slight fall on the July index but is at broadly the same level as in May and June.

The August index stood at 128.41, an 0.5 per cent drop on the July figure. The fall was mainly attributable to the seasonally lower cost of fresh fruit and vegetables included in the shopping basket, although most other sectors in the basket were marginally higher in cost.

The index shows the trend in food prices rather than acting as an absolute indicator of price levels. It is based on data collected each month by 25 shoppers who monitor the same lists of 100 items in the same shops.

The shops chosen range from superstores to small village grocers spread throughout the country.

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FINANCIAL TIMES SHOPPING BASKET AUGUST 1980

	Aug. £	July £
Dairy produce	630.58	626.71
Sugar, tea, coffee, soft drinks	204.89	198.73
Bread, flour and cereals	300.01	298.43
Preserves and dry groceries	107.03	105.46
Sauces and pickles	49.64	49.39
Canned goods	190.79	190.67
Frozen foods	228.51	229.24
Meat, bacon, etc. (fresh)	532.51	535.61
Fruit and vegetables	250.32	275.97
Non-foods	235.93	233.40
Total	2,730.21	2,743.61

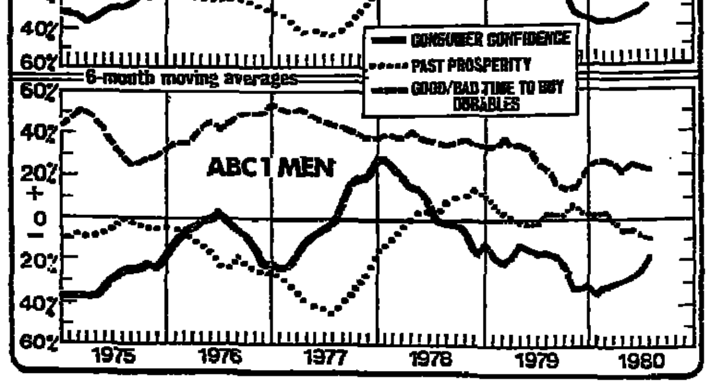
1979: January 108.54; February 108.65; March 109.12; April 110.88; May 113.59; June 116.02; July 114.79; August 114.16; September 114.17; October 114.95; November 116.36; December 118.74.

1980: January 120.47; February 122.32; March 124.18; April 125.94; May 128.79; June 128.53; July 129.04; Aug. 128.41.

FT survey of consumer confidence, by **David Churchill**

Growing mood of optimism

THE LEVEL of consumer confidence is beginning to increase in spite of the worsening economic recession, according to the latest Financial Times Survey of consumer confidence published today.



The index of future confidence has risen for the past three months and—although still at a comparatively low level—is now at its highest since May of last year.

The index for August was minus 24 per cent, compared with minus 27 per cent last month and minus 31 per cent in June. In February this year, the index reached its lowest ever level of minus 46 per cent—almost twice the current level. In May, 1979, the index stood at plus 9 per cent.

The August index, derived from the regular monthly survey of about 1,000 adults, revealed that 21 per cent expected conditions to improve (up from 19 per cent last month) with 45 per cent expecting things to worsen (down 1 per cent on last month) giving the minus 24 per cent index.

But the six-monthly index, which more accurately shows the trend over the past half-year, has fallen to minus 29 per cent, compared with minus 33 per cent last month and minus 35 per cent in June.

Analysis of the survey shows that two main reasons emerged for the increase in confidence. One was the belief that the Government was pursuing the right economic policies, mentioned by 38 per cent of the optimistic consumers this month compared with 26 per cent two months ago.

The other, a feeling that the economy was getting stronger in spite of the recession, was mentioned by 13 per cent of the survey compared with 8 per cent two months ago.

However, the main reason for optimism is still the rather nebulous idea that "things must improve," cited by 47 per cent of optimists.

The results of the survey this month will be more encouraging news for the Government following last Friday's sharp fall in the annual rate of retail price inflation.

However, it is clear that the improvement from historically very low levels of confidence still leaves the index at a low level. Twice as many consumers this month were pessimistic rather than optimistic.

The main reasons for the pessimists' gloom were rising unemployment, cited by 38 per cent, and inflation, cited by 32 per cent.

Both these reasons were cited by 2 per cent more pessimists this month than in July. The third key reason was the belief that the Government was pursuing the wrong economic policies, cited by 34 per cent compared with 21 per cent last month.

Among the various socio-economic sub-groups, it was clear that the increase in confidence was felt most among ABC1 men and women (professional and executive) rather than among C2DE groups (manual workers).

The increase in confidence this month may also in part have been generated by the continuing bargain sales in the High Street. This was confirmed by the question in the survey about buying large consumer durables.

The survey showed a sharp increase in those believing that now was a good time to buy: some 44 per cent said it was, and 37 per cent disagreed, giving an index of 7 per cent compared with 1 per cent in July.

Not surprisingly, the unemployment index reached a record level in the 10 year history of the survey. More than two-thirds of the survey—some 67 per cent—expected unemployment to get worse this year, while only 9 per cent thought it would improve.

This gave an unemployment index of 58 per cent, compared with 53 per cent last month.

The question concerning how consumers felt in relation to a year ago showed little change for the third month running. Some 23 per cent thought themselves better off, while 43 per cent felt worse off. This gave an index of past prosperity of minus 20 per cent.

£7m inflow to National Savings

By James McDonald

NET INFLOW into National Savings in July was £7m. The continued popularity of index-linked savings and of Premium Savings Bonds was partially offset by large repayments of matured British Savings Bonds.

Index-linked National Savings Certificates Retirement Issue had a good month with net receipts of £40.5m. Index-linked Save As You Earn showed a net increase of £10.4m while Premium Savings Bonds had a net inflow of £5m. The downward trend of National Savings Bank investment account was reversed—with a net gain of £6.5m.

Total receipts, including accrued interest, was £288.6m and repayments £220.8m a net increase of £67.8m.

● LAND WASTE: More than 1½m acres of potential agricultural land in U.K. cannot be used because it is covered in bracken, says May and Baker, one of the country's leading agro-chemical manufacturers.

● EXPORT AID: London Chamber of Commerce is to run a series of economical business visits from November for small exporters. This is to compensate for what it calls the Government's "ill-advised decision" to cut the British Overseas Trade Board's sponsorship of trade missions.

● ASDA change: Asda stores, the Associated Dairies chain—one of UK's largest supermarket groups — is to introduce "store-within-a store" units selling large domestic appliances from the autumn. Asda has been destocking its own lines of appliances such as refrigerators and music centres, though not smaller electrical goods like toasters and hairdryers.

● APPLE days: Fruit-growers are planning a series of "apple days" at East Anglian towns next month, when they will give away freshly-picked English apples. They are fighting cheap imports of [illegible]

Unions clash on TUC plan to end laggers row

BY NICK GARNETT, LABOUR STAFF

UNIONS AND employers meet today to discuss for the first time the draft document for a national engineering agreement for construction sites.

The draft, designed to improve discipline and reduce malpractices and wage leap-frogging, sets out new negotiating structures—a national joint council and joint councils for individual large sites—disciplinary procedures and formulas for improving and measuring productivity.

It has been produced by the employers' side, principally the Engineering Employers' Federation and the oil and chemical plant operators. The unions will today be giving their initial reactions.

The construction section of the Amalgamated Union of Engineering Workers will again stress that the scope of the agreement is too narrow and must include thermal insulation.

While these discussions are taking place, the TUC's finance and general purposes committee will meet this afternoon on the dispute over thermal insulation engineers, or laggers, at the Isle of Grain, over which the TUC must shortly make some very difficult and possibly damaging decisions.

The Amalgamated Union of Engineering Workers and the Electrical and Plumbing Trades Union have both rejected as a package the proposals the TUC officially advised them to accept over the dispute at the oil-fired power station.

One of the principal stumbling blocks to their acceptance is the question of what would happen to the 57 trainee laggers sent in by other unions to replace those of the General and Municipal Workers' Union.

The normal procedure would be for the finance and general purposes committee to recommend to the TUC general council, meeting on Wednesday, that the engineering and plumbing unions be formally asked to explain why they have rejected the TUC advice.

It appears highly unlikely that the general council will be in a position to consider and act on these replies until after the TUC Congress next month, although Congress is likely to be soured by a long and unpleasant inter-union row from the platform and the floor.

After the TUC, however, the general council must come to a decision on disciplinary action, assuming that the two unions maintain their rejection of the proposals.

Senior officials of the General and Municipal believe the general council will have little option but to expel the two unions if it wishes to maintain the credibility of its advice and its Bridlington union demarcation rules.

The electricians have warned that they will consider legal action against the TUC if this happens.

The Central Electricity Generating Board is pressing ahead with work on the site and has asked insulation contractors to tender for the power station's No. 3 boiler. Insulation work on the No. 1 unit is being done by laggers brought in by unions other than the General and Municipal.

Units four and five have been taken out of the programme altogether. The No. 2 boiler has been operational for a year.

Insulation contractors asked to tender presumably include members of the Thermal Insulation Contractors Association.

The CEGB, however, has been attempting to halt the use of open-ended bonus payments made by thermal insulation contractors to laggers, the issue over which the original thermal insulation dispute blew up.

It would seem likely, therefore, that the CEGB will be testing the kind of arrangements under which thermal insulation companies would be prepared to operate.

Observer new deal practice run 'soon'

BY NICK GARNETT, LABOUR STAFF

THE MANAGEMENT of the Observer believes that it can soon start practice runs of its new printing arrangements, following agreement at the weekend by the machine-managers to accept the company's terms on pay.

The company has to negotiate pay rates linked to the new arrangements with other groups, but says that these are ready to see the new arrangements in operation.

The machine - managers "relucantly" accepted an instruction to agree to the company's final terms issued by the national council of their union, the National Graphical Association, under pressure from a management ultimatum that it would shut the paper in October.

The union, while it says it does not wish to interfere with further negotiations of other groups of print workers, has twice given thinly-veiled warnings that it would be prepared to defend the machine-managers if these further negotiations upset wage differentials.

This was first made clear on Thursday, when the national council, in giving the instruction to the machine-managers, said it reserved "its right to act on our members' behalf if subsequent events make that necessary."

The management was cautious yesterday about when it would withdraw the dismissal notices sent to the Observer's 1,000 staff. It implied that this would probably be done this week.

NGA officials do not expect the company to maintain the dismissal notices while the other groups are negotiating, and were disappointed that the notices were not lifted at the weekend.

The new arrangements using collect printing, will allow the Observer to print four sections to a maximum 64 pages, in one session. At the moment it takes more than one session to print 64 pages, and for 48 pages it can print only two sections in one session.

Linked to the arrangements, the complement of 35 machine-managers will rise to 48 working on the floor at any one time. For the Saturday night-Sunday morning shift they will receive £93.63 for working on a 48-page and £100.13 for a 64-page paper.

Pay crisis 'a threat to textile industry'

BY OUR LABOUR STAFF

THE GOVERNMENT must provide protection and greater rewards for textile workers if it is to retain credibility for its policies on wages an demployment, the Low Pay Unit says in a letter, published today to the Prime Minister and to Mr. John Nott, Trade Secretary.

"The textile works are the litmus test of the Government's assertion that workers should 'price themselves into jobs' and be prepared to accept change," the letter says.

"They have co-operated in a massive restructuring of the industry and have accepted exceptionally low wages. Their reward has been the continued threat of unemployment and further hardship."

A Low Pay Unit study on the industry, written by Mr. Steve Winyard, social administration lecturer at Leeds University, says that in the past 10 years the workforce has accepted the loss of 60,000 jobs, halving the labour force.

The workers have co-operated with new investment, refrained from holding major strikes [illegible] the 1920s, and accepted [illegible] wages which put them three from the bottom in a pay league of 77 manufacturing industries.

The report, Trouble Looming, argues that the textile workers have represented a "model" in terms of how the Government would like unions to behave but, partly as a result, have seen their industry shrink and their families suffer hardship.

It seeks the introduction of temporary controls on the future growth of textile and clothing imports, an investigation into trade barriers operated by other countries and a new Multi-Fibre Agreement by 1982 to protect British companies.

It also argues that special provisions should be made by the EEC, and calls for further finance under the 1972 Industry Act and for changes in regional aid policy to permit all textile areas to receive EEC assistance.

The report urges management to improve marketing, production flexibility, design and wages and advises textile unions to be tougher in bargaining.

Unless radical steps are taken, it argues, the British textile industry will disappear by the end of the decade.

THE MANAGEMENT PAGE

EDITED BY CHRISTOPHER LORENZ

Thorn's zest for alliances

AS BRITAIN'S biggest manufacturer of consumer electrical and electronics products, Thorn EMI knows only too well what it is like to feel the chill wind of Japanese competition. But recognising that Japanese success is due to technological prowess as well as to keen pricing, it has embraced with apparent enthusiasm the principle that "if you can't beat them, join them."

Thorn has been linked for some years with Victor Company of Japan (JVC), which is majority owned by Matsushita Electrical. The British company sells under the Ferguson brand name and distributes through its large rental network video cassette recorders made by JVC.

Earlier this year, Thorn agreed to promote in Europe the videodisc home entertainment system developed by JVC. It is also involved with JVC, Matsushita and General Electric of the U.S. in a joint strategy to sell the system in the U.S. In addition, it is co-owner with Toshiba of a record pressing facility in Japan.

But Thorn's link-up with Sharp, announced last month, is potentially the most far-reaching of any of the alliances into which it has entered so far. It provides for collaboration in research, development and manufacturing, as well as distribution, with a heavy emphasis on the sharing of technology.

The idea was born last January when Peter Laister, Thorn EMI's managing director, and Denis Neill, deputy managing director, visited Sharp's headquarters in Osaka as part of a tour of Japanese electronics manufacturers. The two companies had previously had only desultory contacts. But what Laister and Neill saw whetted their appetites.

They were particularly impressed by Sharp's achievements in applying micro-electronic technology to a range of consumer products and domestic appliances broadly similar to Thorn's own. Their Japanese hosts demonstrated a number of products in which functions like control and switching, previously done mechanically, were performed by tiny chips. They also showed chips performing new tasks which were beyond the abilities of moving parts.

Sharp was among the first Japanese companies to recognise how the chip could be used in consumer applications to increase versatility and reliability and reduce costs. It was a pioneer of the market for electronic calculators, of which it remains a leading manufacturer despite the fierce price competition which drove several of its competitors out of the business.

One of its most interesting areas of research, in which it is investing heavily, is "teaching" integrated circuits to recognise and reproduce the human voice. Laister brought back from his visit a Sharp alarm clock which "speaks" the time. The company has used the same technology to make microwave ovens which announce when the food being cooked is ready and televisions which change channels in response to a spoken command.

Sharp makes many of its own chips and is rapidly building up its production capacity. That is another attraction for Thorn. The British company has no plans to get into semiconductor manufacturing itself, but it hopes that by gaining access to Sharp facilities it will be in a position to design future products around the latest developments in integrated circuit technology.

But what was in the deal for Sharp? Laister admits that he had to work hard to convince the Japanese that they had something to gain from a technology-based agreement with a British company. But exposure to some of the work done by Thorn EMI engineers apparently impressed them.

One of Thorn's trump cards was undoubtedly the research laboratories which it acquired by taking over EMI late last year. Though these are concerned primarily with defence electronics, their technology can also be applied to consumer products.

Sharp also appears to believe that the agreement will earn it some political goodwill in Europe at a time when Japanese companies are attracting criticism as commercial predators. Soon after the deal was announced, a spokesman in Osaka was quoted as saying that he hoped that it would calm concern in the EEC about rising Japanese imports.

In the short term, it seems unlikely that the agreement will do much to increase Sharp's exports to the UK. Thorn is due to start importing Sharp microwave ovens from Japan: but this is only an interim measure until the British company begins making the ovens under licence at its factory in Spennymoor, County Durham, next year.

In exchange, Sharp has undertaken to distribute in Japan food preparation products made by Thorn's Kenwood division. Shipments of Kenwood chef mixers will start later this year and will be sold by Sharp under its own name.

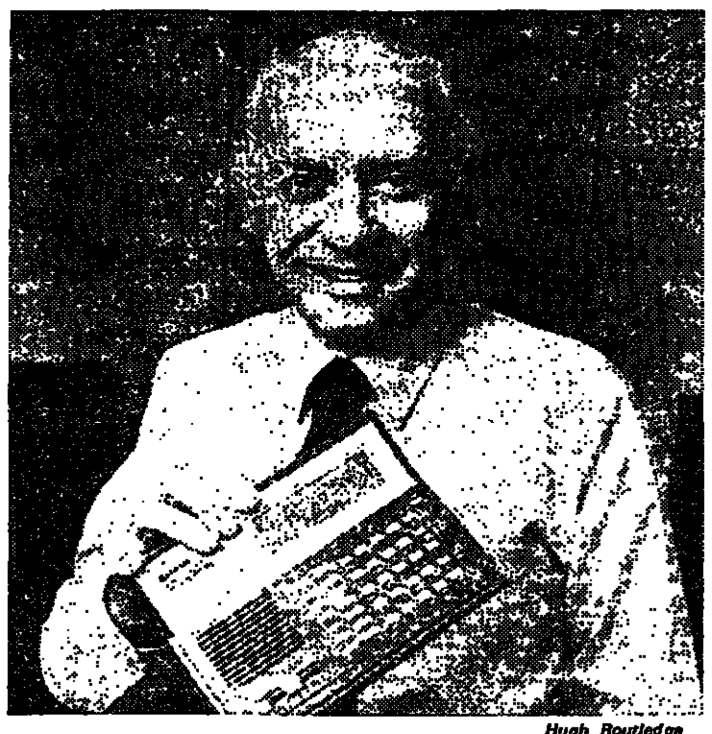
How the agreement develops in the longer term will depend very much on exactly how Thorn and Sharp implement their undertakings to exchange licences on each other's products and to collaborate on research and development.

No specific joint projects have apparently been decided yet, and practical arrangements for co-ordinating research and development activities still have to be worked out. But at the least, the agreement should turn into a fascinating—perhaps unique—experiment in Anglo-Japanese collaboration.

Guy de Jonquieres

A fruitful marriage?

Its use of licensing agreements overseas makes Sharp unusual among Japanese companies. Charles Smith reports



Hugh Routledge

Peter Laister, Thorn's negotiator of the deal, figures it out on a combined Sharp calculator and radio.

SHARP CORPORATION, the Japanese electronics manufacturer which recently entered into a "special relationship" with Thorn EMI, is a highly atypical member of its industry, and indeed of the Japanese business community as a whole. Apart from its technological eminence, Sharp has, for a Japanese company, a unique overseas development strategy which made it a natural candidate for the tie-up with Thorn. This consists of using technical licensing agreements rather than on-the-spot manufacture as the main weapon for selling Sharp products around the world.

Unlike rivals such as Sony and Matsushita, both of which have impressive networks of wholly-owned overseas manufacturing subsidiaries, Sharp boasts only two 100-per-cent-owned foreign subsidiaries (in the U.S. and Australia) and three companies in which it has a 50 per cent stake (in Korea, Taiwan and Malaysia). In 30 other countries Sharp products are being manufactured by companies in which Sharp has no equity stake and no say in management. What it does have is a series of renewable five-year technical licensing agreements which enables it to monitor the quality of Sharp branded products in countries as diverse as Brazil, Turkey, South Africa and the Camerouns.

Sharp adopted the licensing route to overseas sales expansion some 20 years ago on the initiative of Akira Saeki, the then vice-president, who was later to succeed the founder of the company as president. The thinking is simple: Japanese industry, says Sharp, has come under fire in the developing world for being reluctant to delegate responsibility to local managers and for a tight-fisted attitude to technology transfer. A policy which achieves the opposite of this can be expected to go down well in the host country and should therefore, in the long run, be good business.

The success of technology tie-ups with local partners in major developing countries like Brazil and Indonesia seems to prove the correctness of Sharp's theory. The company arrived in Indonesia in 1970, some years after its main Japanese competitors had set up local production ventures, but now controls a massive 45 per cent of the colour TV market. This is apparently because its local partner is better at marketing than its wholly-owned Japanese competitors.

Similarly, in Brazil, the Sharp brand name dominates the colour TV market (with a 26 per cent share) and the electronic calculator market (with some 50 per cent) even though Sharp itself has not invested a cruzeiro in the acquisition of local equity.

Sharp's experts in both countries are fairly thin on the ground; two Japanese technicians advise the Indonesian colour TV operation while another five are helping to produce refrigerators, coolers and audio equipment. Sharp keeps a close eye on quality control through these experts but marketing is entirely the responsibility of the local Indonesian management.

Sharp's competitors say the danger of relying on technical tie-ups is that the foreign partner can set up shop on his own as soon as he has acquired some basic know-how. The reason why this does not happen in Sharp's case, says Taizo Katsura, the director of overseas operations, is that the company always has some more know-how to offer.

Licensing agreements are tailored to match the needs of the country concerned; for example, a Sharp licensee in a small African country, such as Chad or Cameroun is likely to be turning out radios and black and white TVs from imported components, whereas the Sharp affiliate in a semi-industrialised state like Brazil will be making a wider range of products with much more local content and a higher degree of automation.

No overseas affiliate, however, is expected to stay at a given level of development for more than a few years at a time. Every time a licensing agreement is renewed (and Sharp claims that no affiliate has yet failed to sign on for a further stint) the technology level is upgraded so as to include a wider variety of products or more automation.

Sharp itself manages to stay ahead of its most advanced overseas partners by recording a steady succession of technological "firsts" and by spending 3.7 per cent of its sales revenue on R and D. This is high compared with other Japanese companies.

Today the main emphasis is on the application to consumer electronics of microprocessor technology and on the manufacture of specialised large scale integrated circuits (LSIs) for microcomputers. In the past the company pioneered the use of liquid crystal in watches and desk top calculators and was the earliest mass producer of solar batteries.

Sharp's overseas partners sold 142bn yen (£268m) worth of goods last year (about one-third as much as Sharp itself). They also employed around 24,000 people including 250 experts from the head office in Osaka. The Sharp group is growing steadily as the company signs up new partners at the rate of three or four per year but up to now it included no representatives from any part of the developed world — that is until Sharp announced last month that it had signed a "comprehensive" agreement with Thorn-EMI.

The Thorn tie-up, says Katsura, is exclusive in the sense that no similar relationship will be sought with any other company in Western Europe. It will also differ from the licensing agreements signed with companies in the developing world in that it will be very much of a "two way street." Sharp will start by helping the British company to make good its weakness in the area of LSIs and microprocessors while Thorn will provide Sharp with some expertise of its own, although the precise nature is uncertain.

Katsura describes Thorn as "a company with a history"—a remark which presumably implies an interest in its strongly entrenched position in the UK home market. Sharp itself recently strengthened its UK sales network, acquiring a new headquarters outside Manchester for its British sales subsidiary, Sharp Electronics UK.

However, selling to Britain has been hard work, partly because of flagging domestic demand and partly because of the extreme sensitivity of the British electronics industry to competition from Japan.

Just under 50 per cent of Sharp's Japanese output was sold abroad during the year ended March 1980 (slightly less than the previous period) making it somewhat more export orientated than its larger competitors.

Thus the link-up with Thorn would appear to make good sense given that Sharp becomes less vulnerable to the threat of trade barriers. This advantage is already enjoyed by other Japanese electronic companies through their heavier involvement in overseas manufacturing.

In the U.S. Sharp was one of the last of the major Japanese colour TV manufacturers to establish or acquire a domestic TV manufacturing plant. It thus suffered relatively heavily from the cutback of colour TV imports from Japan which the U.S. imposed(in the form of an orderly marketing agreement) in April, 1977.

Its Tenessee plant, with a monthly capacity of 30,000 colour TVs and the same number of microwave ovens came on stream last October, some five years after Sony had begun turning out sets from its San Diego plant and four years after Matsushita acquired the TV manufacturing division of Motorola.

As a result of the delay Sharp's TV sales in the U.S. declined after 1977 and its share of the market today stands at a modest 1.5 per cent.

Sharp's exports to Western Europe include a substantial amount of audio and other equipment produced under contract to at least two leading European electrical manufacturers and sold under their labels. The remainder of its sales to the EEC are made under the Sharp brand name and consist of products shipped direct from Japan. Sharp says that on-the-spot manufacture in Europe is a possibility for the future and one that would almost certainly be discussed, in advance of any firm decision, with Thorn EMI.

If Sharp does eventually build a factory or buy its way into an existing manufacturing operation somewhere in the EEC it will, in one sense, have caught up with Matsushita, Sony, Toshiba and Hitachi—all of which are turning out colour TV sets in the UK either at their own plants or as partners in a joint venture. In another sense it might be doing a good deal more than simply catching up. This is because no other Japanese company has established a relationship with a European (or even U.S. counterpart) which looks as potentially fruitful as the Sharp "marriage" with Thorn EMI.

SHARP
SALES FOR THE YEAR ENDING MARCH 31, 1980

	Yenbn
TV sets	79.8
Audio	65.7
Home Appliances	116.4
Industrial instruments and electronic components	133.3
Total	395.2
(domestic)	204.9
(export)	190.3
Post-tax profit (£23.3m)	12.5
Employees worldwide	36,000

THORN EMI
SALES FOR THE YEAR ENDING MARCH 31, 1980

	£m
Total	1,778.1
UK (inc. exports)	1,342.0
Overseas	436.1
Post-tax profit	91.0
Employees worldwide	125,500

Management abstracts

These summaries are condensed from the journals of abstracts published by Anbar Management Publications. Readers wishing to consult original texts should write to: P.O. Box 23, Wembley HA9 SDJ.

Will the Swedish Model of Industrial Relations Survive? H. G. Myrdal in British Journal of Industrial Relations (UK), Mar. 80: p. 57 (12½ pages).

Identifies characteristics of the Swedish labour market which have given rise to the "Swedish model" of enlightened industrial relations: describes the movement towards socialism, and predicts the effects, particularly in the context of industrial relations, of the Meidner plan which proposes that ownership should be transferred, through compulsory share issues, to trade union collectives.

Job Enrichment: Success or Failure? S. D. Norton + others in Human Resource Management (U.S.), Winter 79: p. 28 (10 pages, chart).

Traces the evolution of job enrichment, compares it with other methods of organisational change, examines ways of increasing job content and job satisfaction, and presents a research framework to cover the crucial variables in job enrichment applications. Summarises two literature reviews that are critical of claims made for job enrichment success, looks at explanations for "lack of failure," and suggests conditions that may relate to successful implementation.

Technical News

EDITED BY ARTHUR BENNETT AND ALAN CANE

● ENERGY

Control system will reduce costs

AN ENERGY management system claimed to lop up to 30 per cent off energy bills is a principal element in an ambitious drive into the UK by a leading Dutch electrical group.

The system has been launched by the energy division of Holec UK, a small (£4m revenues in 1979) subsidiary of the big Dutch Holec group which turned over £285m last year.

The UK subsidiary plans to increase turnover to £15m by 1982, of which 40 per cent is expected to come from energy management systems.

It is offering a system of modules each consisting of a microcomputer linked to sensors to detect changes in temperature, light and humidity. The microcomputer is based on a Texas Instruments process control chip and can be programmed to maintain the desired environment in the office block, factory or manufacturing unit.

Holec has figures based on the application of its system to a rotary drier for grass which indicate savings of over £23,000 a year; the cost of the module was £20,000.

A desk-top computer (a Hewlett-Packard 9845B) can be added as supervisor on the system.

The system was designed and built in the UK by a team under Melvin De'Ath, technical director for Holec Energy; it is understood the availability and quality of British computer programming was a key feature in Holec's decision to concentrate development here.

Mr Kees Hoogendijk, a board member for Holec International, said last week: "There are plans to use the expertise of this group of people in other European countries, in Germany and in the Netherlands."

Overcrowded

Energy management is already an overcrowded field with computer companies like General Automation coming hard on the heels of environmental specialists like Honeywell.

Mr De'Ath believed the market was big enough for all and he thought that the flexibility of Holec's operation—it uses chiefly off-the-shelf components from other manufacturers—might give it the edge over bigger companies when the technology was changing rapidly.

The system is suitable for companies spending £50,000 or more a year on energy; Holec in Holland has a prototype domestic energy control system that will sell for about £150 and is working on a new computer based controller.

Holec Energy is at Atlantic House, Jengers Mead, Billinghurst, West Sussex RH14 9PB (040381 4311).

Batteries survive shocks

NICKEL - CADMIUM pocket plate batteries tailor made for transit systems and offshore installations, are being offered by SAFT (UK), Worton Road, Isleworth, Middx. (01-568 4466).

They are particularly suited to vehicle mounted applications in the severest conditions and are used to compensate for variations in the main power source, as standby in the case of total failure, and for engine starting.

Corrosion has been eliminated from the Saftblock range, says the company, by using Noryl which combines lightness and long life with mechanical strength allowing the batteries to survive shock and vibration in the most demanding applications. Noryl is also totally resistant to diesel fuel and mineral oils and greases.

Two special benefits are the large electrolyte reserve (needing less frequent maintenance) and method of construction which permits on-site repairs in case of accidental damage.

Available in rated capacities ranging from 10Ah to 400Ah and grades L, M and H for low, medium and high rates of discharge respectively, thus allowing great flexibility of application.

● OFFICE EQUIPMENT

Copier fits on top of the desk

COUPLED WITH a television and poster campaign—not frequently found in the office copier business—Kalle Infotec is launching what it claims to be the smallest plain paper machine so far developed.

Made for the company by Ricoh in Japan under a long standing manufacturing agreement the new machine, designated 8012, measures only 18 x 17 x 12 inches (460 x 452 x 320mm) and weighs 70 lb (32 kg). Warm-up time of the machine is between three and 35 seconds (depending on ambient temperature) and the subsequent copying speed is 12 per minute. It will copy originals from A5 size (210 x 149 mm) up to 216 x 350 mm (well beyond A4) and is described by the company as the first flat bed machine that will comfortably sit on the top of any desk.

In this design the whole glass platen holding the original is moved across an exposure slot; with light shining up from below, light from the original's surface is reflected back into the machine using a paper-wide line of optical fibres the remote ends of which are similarly aligned across the electrographic drum.

Plain paper on the drum is thus given a charge pattern identical to the characters on the original. Finally, toner is applied and is heat sealed, producing a copy in five or six seconds.

Number of copies required is set by means of a touch sensitive numeric panel (one to 99) and the number produced at any moment is shown on digital display.

Following in the footsteps of the computer industry, which has been known to "knock" IBM products and more recently, the world's car makers, Kalle Infotec at the recent London introduction of the 8012 made direct comparisons with Rank Xerox machines pointing out that the KI 8012 is priced at £1,295 while the 2300 and 2600 from Rank Xerox cost £1,999 and £2,399 respectively. Performance advantages are also claimed.

It is evident that Kalle Infotec, part of the £6bn Hoechst group in Germany, is now taking an overt sideways glance at Rank Xerox. But it does have other competition, notably from Nashua which will be offering the same machine and from two or three Japanese companies, such as Minolta.

It will be interesting to see if the somewhat novel TV/poster campaign which will be extended beyond LWT to ATV and Granada in the autumn at a cost of £130,000 will be responded to in any way by the other contenders.

GEOFFREY CHARLISH

From one to another

A DEVICE which makes it possible for one of the most sophisticated new facsimile machines to communicate with its simpler brethren has been announced by Interscan of Slough.

The company has sole UK marketing rights to Burroughs Machines range of facsimile terminals, including the advanced intelligent digital machine, the Dex 5100. Now it has launched a digital/analogue interface option which makes it possible for the 5100 to communicate with other, less intelligent machines.

It means that firms will be able to establish networks of facsimile machines around the 5100 operating at different speeds. The 5100, a digital machine, is defined under international telephone regulations as a Group III machine; the new interface makes it possible for the 5100 to communicate with Group II machines, those such as the ITT Telefax, the Plessey MV 1200 or the Muirhead (now Nexos) Mufax (and, of course, Burroughs' own Dex terminals), which work analogue fashion and transmit at up to 3 minutes a page.

Sales of the 5100 in the UK have been undramatic since its launch last year; now Interscan predicts sales of at least 100 at £8,500 each because of the new flexibility offered by the interface. The interface costs £1,700. More from Interscan on 0753 70821.

● POLLUTION

Avoids toxic discharges

A PROCESS designed to enable cadmium electroplaters to recycle their rinse water in a demineralised state and totally eliminate toxic discharges has been devised by Eliminex, 11-13 Grove Road, Hounslow TW3 3PH (01-572 3873).

The treatment system can be installed on the electroplater's premises. The poisonous cadmium waste from the plating process is absorbed by a bed of ion exchange resin which is replaced when saturated and taken to a central plant to be regenerated. Regeneration permits the cadmium to be recovered as a pure concentrate which can be fed back into the metal production stream for re-use.

Eliminex claims that the treatment process should add not more than 10 per cent to the cost of electroplating. Where capital outlay is a problem electroplaters can lease the process.

Transmits data at high speed

WITH GREATER use of digital control in industrial processes, distributed data processing and other forms of real time control the need arises to transfer large blocks of data from computer to computer at appropriate speeds.

To help meet the need high speed digital communications products made by Computrol in the U.S. are now being distributed in the UK by Data Translation, Gecko House, Sutton Park Industrial Eestate, Reading, Berks RG6 1AZ (0734 669335).

The model 11-0016 Megalink for example is a Unibus compatible interface that permits DMA (direct memory access) block transfers between as many as 255 PDP-11 minicomputers at one megabaud rates over a single coaxial cable up to 32,000 feet long.

Other devices are available for other computers and since they are all compatible hybrid high speed distributed processing networks become possible.

Applications will include industrial process control, multichannel multi-speed communications, data acquisition, management information systems and many others.

● HANDLING

Buckets fit any crawler

TWELVE NEW models in a range of multi-purpose hydraulic buckets have been introduced by the Ulrich Manufacturing Company, Bell Lane, Amersham, Bucks.

These Simplex buckets will fit any type of crawler or wheeled loader tractor and are all SAE rated, ranging from ½ to 3½ cubic yard size.

● SAFETY

Control panel protection

THE PRODUCTION of explosion-proof electric control panels and distribution boards for zone one hazardous areas traditionally involves the enclosure of spark - producing component parts into cast-iron boxes.

But to provide enough protection, says R. Stahl of Birmingham, the boxes can turn out to be very heavy and cumbersome.

The company has therefore launched its 8145 system, and this takes a different approach. Instead of enclosing a group of the offending components in one box, each individual component of the panel or board is protected by encapsulation in polyester resin; they can then be installed in a much smaller box of increased safety.

Size and weight are thereby reduced by over 50 per cent and the range of components that can be used to complete the package include contactors for up to 11 kW, motor protection relays, timers, motor protection circuit breakers up to 16 amps, and motor/power switches up to 100 amps.

R. Stahl UK is at Mole Street, Sparkbrook, Birmingham B11 1XA (021 772 8881).

Stops static electricity

A COMPLETELY static (that is, non-energised) device for the elimination of static electricity from moving webs of paper or other materials has been developed at the Radiochemical Centre, White Lion Road, Amersham, Bucks HP7 9LL (02404 4444).

Its use will remove the many problems that can occur due to build-up of charge on the moving surface, ranging from sparking in the presence of flammable solvents to handling problems when guillotining and stacking.

Object of the controller is to ionise the air in the problem areas so as to provide a discharge path to earth. The new passive controller uses the energy provided by the static charge itself, which it concentrates at sharp metallic induction points near to the web: the air is ionised in corona discharge. The unit is designed for use in flammable atmospheres and can prevent operator discomfort while lessening fire risks.

The points have coiled spring bases to give flexibility and are also protected by a guard. They are spaced over the web width on a carrier which can be from 250 to 2,250 mm long.

● COMPONENTS

Long life drive belts

ENGINEERS CAN design more compact, energy-saving, high stress drives around smaller, lighter and — therefore — cheaper pulleys, with the development of a new range of raw edge moulded notched belts, claims Visurgis (Great Britain), Towerfield Close, Shoeburyness, Essex (037 08 5955).

The Optibelt Super TX V-belt is said to be the first of its type to be made in Europe and combines high flexibility and transverse stiffness with considerably increased wear resistance and low stretch and slip characteristics. These construction features together ensure efficient dissipation of heat and reduce flex fatigue.

Th cause of premature belt failure has long been due to flex fatigue in traditional belts. This is generated by heat build up within the belt itself, resulting first in the base rubber and then the cover cracking, and has greatly contributed to the delay in the development of the smaller and more compact drives sought by industry today.

Speed ratios as high as 12:1 can now be achieved with the new belts which have anti-static properties and increased resistance to heat and oil.

Will produce graphics

ANY microcomputer employing the S-100 communicating highway or "bus" can be made to produce graphics using a plug-in board from Digital Devices, 134 London Road, Southborough, Kent TN4 0PL (0892 37977).

Output is a composite video signal which can be connected to a monitor, or, via a UHF modulator to the aerial socket of any commercial television set.

The unit produces a high resolution 256 x 256 dot raster for good quality line images. An on-board refresh memory relieves the microprocessor from having to refresh the screen. In addition, regardless of the speed at which the processor accesses the board to update the screen, all the accesses are synchronised to avoid "glitches" (visual imperfections).

● MATERIALS

Improves look of floors

GOOD LOOKS, extended life and simpler cleaning operations are promised with a new surface coating for hard floorcoverings developed by Hughson Chemical Company, Stretford Motorway Estate, Barton Dock Road, Stretford, Manchester (061-865 8048).

Producing a high gloss or matt finish on all types of hard floorcoverings—but wood and vinyl in particular—the coating is called Photoglaze and is stated to be basically an acrylourethane which is polymerised or cured by ultra violet light.

Since no solvents need to be evaporated off, uniform layers of guranteed thickness can be produced it is claimed. Polymerisation can be carried out in compact cabinets occupying little floorspace and requiring low energy input.

Standard roof units

HITHERTO ONLY made to specified dimensions, Siporex reinforced concrete roofing units are now to be made in standard sizes.

The manufacturers, Aerated Concrete, asserts that by incorporating standard units into their future projects architects will not only be able to rely on immediate delivery but will be able to specify a roof design with "all the advantages of autoclaved aerated concrete at no more cost than the lower grade alternatives."

The latest units are to be known as Siporex 2000 and 3000 and will be 75 mm thick, two metres long and 100 mm thick, three metres long respectively. Widths will be standardised at 600 mm.

Aerated Concrete, which is a member of the Ready Mixed Concrete group, is producing the units at its Linford, Essex works which was opened last year and is now entering into full production.

Building and Civil Engineering

£12m Hong Kong sports centre

PRELIMINARY work has been completed on the site of the HK$120m (£12m) Jubilee Sports Centre to be built for the Hong Kong Jockey Club. Reclaimed land adjacent to the racecourse at Shatin is to be used. A main contractor had not been appointed at the time of this report.

White Young BCEOM Consultants Asia (a joint venture between the White Young Group of the UK and BCEOM of France) have been appointed as consulting engineers for the design of the civil and structural works.

The architects are MA Fong and Associates in association with Planning Services International. Quantity surveyors are Levette and Bailey.

The scheme is scheduled for completion in early 1982.

Traffic control in Baghdad

SCOTT WILSON Kirkpatrick and Partners has now completed one-third of a three-year project to provide both a long-term transportation plan, and short-term traffic management plus urban traffic control, for the Greater Baghdad region which will have a population of 6-7m by the year 2000.

The work has involved carrying out extensive surveys covering 16,500 households, 80 per cent of employment in Baghdad and numerous other traffic, parking and pedestrian surveys.

The intention is to produce an urban transport master plan for roads, rail and water and set up the appropriate management and organisation for a local planning capability by mid-1982.

With a view to the latter, a number of Iraqi trainees have been employed in the consultant's Baghdad office and will shortly make a study tour of the UK.

£22m Qatar hospital

CONSTRUCTION of a 322-bed women's hospital on a site adjoining the Hamad Hospital for the Government of Qatar is to start early next year. The cost is expected to be about £22m.

The architect is John R. Harris who says the new building will have a "friendly welcoming appearance." It has been planned to avoid all main cross-circulation routes and while giving privacy to patients, access for the many visitors will be easy. Each ward will have large visitors' waiting lounges.

£5m oil pipelines

THREE contracts totalling nearly £5m have been awarded to the Industrial Engineering and Construction Division of John Laing Construction by the Property Services Agency.

Construction of 158 km of fuel oil pipelines in Scotland and Lincolnshire is called for. Work has just started on one contract, worth £1.7m, to lay 66 km of pipeline from Inverness and completion is due in about 18 weeks.

A further 92 km of pipeline, comprising two separate contracts, together worth £2.8m, will extend from Nottinghamshire into Lincolnshire. Due for completion in 19 weeks, the pipeline will be laid under the River Trent, about 50 roads and four railway lines.

For Carlisle City Council John Laing is to undertake a £600,000 contract for 32 two-storey flats in the city. Work has started at the Lorne Crescent-Randall Street site and completion is due by September next year.

The same council has also placed a contract worth £140,000 with Laing covering improvements to 16 pre-war flats at Dobinson Road, Carlisle.

Work involves minor internal rewiring and the erection of rear bathroom extensions. The job has started and is scheduled to be completed by January, 1981.

£3½m worth in Scotland

CONTRACTS together valued at over £3½m have been awarded to Sir Robert McAlpine and Sons for jobs in Glasgow and Clydebank.

In St. Vincent Street, Glasgow, a five storey office block is to be built for North British Properties for occupation in 1981 by whisky distiller Whyte and Mackay.

At Clydebank, Neale House (Caledonia) has authorised the commencement of phase two of the Clydebank shopping centre, the first phase of which was completed by McAlpine in 1979.

Over 9,000 square metres of covered shopping space in single and double storey units will be provided. Construction generally will be concrete and brickwork frame. Completion is programmed for December 1981.

Welsh work for Mears

THE COUNTY of South Glamorgan has awarded a 12-month contract valued at £1.9m to Mears Construction for the East Moors Link Phase 1, Cardiff.

This scheme, situated in the south-eastern part of the city, will provide a link from the existing Rover Way into the industrial area of East Moors which is currently under redevelopment.

Included in the 1km length of single carriageway is the construction of two elevated roundabouts and a prestressed concrete composite bridge deck with reinforced concrete abutments set on deep foundations of granular fill, over the railway lines.

Because of poor conditions, the 140,000 cubic metres of imported fill material is to be pulverised fuel ash.

Fencing and lighting works are also included in the contract.

Development project for Malawi

THE MINISTRY of Agriculture and Natural Resources, Malawi, has appointed Hunting Technical Services (in association with Sir M. MacDonald and Partners of Cambridge) as agricultural and civil engineering consultants for the Lake Shore Development Project.

This is intended to increase agricultural production over an area of about 4,800 square kilometres, with emphasis on rice, groundnuts, maize and cotton. It also aims to raise the level of farm incomes and improve the infrastructure to that of other regions of Malawi.

The project is estimated to cost £7m (at 1977 prices) and is being financed by the European Development Fund.

Hunting is responsible for project management and technical assistance and MacDonald will supervise construction of project works and advise on constructional and agricultural plant and equipment. Works include 100 km of new road, upgrading of 375 km of track, provision of 64 boreholes with concrete aprons and other improvements.

Another rural development project for both consultancies is the Jebel Marra in Sudan. This appointment follows a report submitted jointly by Hunting and MacDonald in 1979, as a result of which the European Development Fund agreed to provide funds for the project.

Main objective of this is to raise agricultural production in 48,000 square kms in the most westerly part of Darfur Province.

The project will be centred at Zalingei, and the engineering consultant will provide a senior civil engineer who will be responsible for the engineering department for the initial years until a senior Sudanese can take this post.

The work of the civil engineering department includes improvement of the road system, stock watering and small irrigation schemes, where appropriate.

The main consultancy contract, signed recently, followed an advance consultancy appointment last February for preparatory work which has now been completed.

Tyne and Wear Metro

THE Tyne and Wear Passenger Transport Executive has awarded a £4.8m contract for the Metro section between South Shields and Tyne Dock to Balfour Beatty Construction.

Ove Arup and Partners is the engineer for the whole of the works which is some three kilometres in length and will include a number of new structures together with the widening and strengthening of others. Construction is to start in September and is scheduled to be completed towards the end of 1982.

For the most part, says Ove Arup, the route will follow the line of the existing single track mineral railway only utilising British Rail track for short distances at each end. From South Shields where a new station is to be constructed in part over the existing King Street Rail Bridge, the line will be carried over a road bridge and sidings by a new viaduct which will attain a maximum elevation of 11.25 metres above ground level.

To the south of the viaduct, there will be three tracks, including the realigned mineral railway. This part of the route necessitates further excavation of a rock cutting to attain required grades and achieve widening to accommodate not only the three tracks but also the new Chichester Station. Existing road bridges on each side of the station will be replaced by one new road bridge.

From the station the route will still follow the mineral line, embankments being widened where necessary. At the southern end of the section the Metro will connect with British Rail suburban track to a new station to be constructed at Tyne Dock. The mineral track will then rejoin the existing line to Boldon Colliery.

Exhibition hall ready

THE NEW Hall at the National Exhibition Centre, Birmingham, which has cost about £7m is to be handed over tomorrow.

It will add 10,000 square metres to the existing 90,000 square metres of exhibition space, and can also be used for entertainments such as show jumping, tennis, concerts and circuses. The steel framed building has a clear span of 90 metres.

The Hall was designed by Edward D. Mills and Partners with Ove Arup and Partners as consulting engineers and Francis C. Graves and Partners as quantity surveyors. The main contractor was R. M. Douglas Construction.

To construct reservoir

PORTSMOUTH WATER COMPANY has awarded a contract worth about £1.8m to Biwater Shellabear for the construction of High Wood Reservoir at West End near Southampton.

This should take about 18 months and involves the construction of an open reinforced concrete raw water reservoir with a total storage capacity of 135,000 cubic metres.

The reservoir is required for bankside storage from the River Itchen abstraction to overcome problems from possible accidental pollution of the river and its capacity is equal to two days' maximum output from the nearby Itchen treatment works.

Its site is complicated by the nature of the sub-soil which consists largely of low permeability silty clays which provide a soft foundation.

New headquarters planned

OUTLINE PLANNING permission to establish new headquarters on a site at Westhills on the outskirts of Aberdeen is being sought by William Tawse which says that the proposed development will represent an investment of about £2m. If planning permission is granted, it will take about 2½ years to complete the move.

In addition to the company's head office, the new site will accommodate units for plant and transport maintenance, formwork manufacture, and stores.

Steel fabrication company under Tawse management, Calneco Fabrication, will also be accommodated on the site.

R. Mansell gets £3m

AMONG orders valued at £3m announced by R. Mansell, are projects requiring refurbishing, renovating and rebuilding.

Property Holding and Investment Trust has placed a £1.1m order for refurbishing and modernising 33,000 square feet of office space at 1/2, Vincent Square, London, S.W.1.

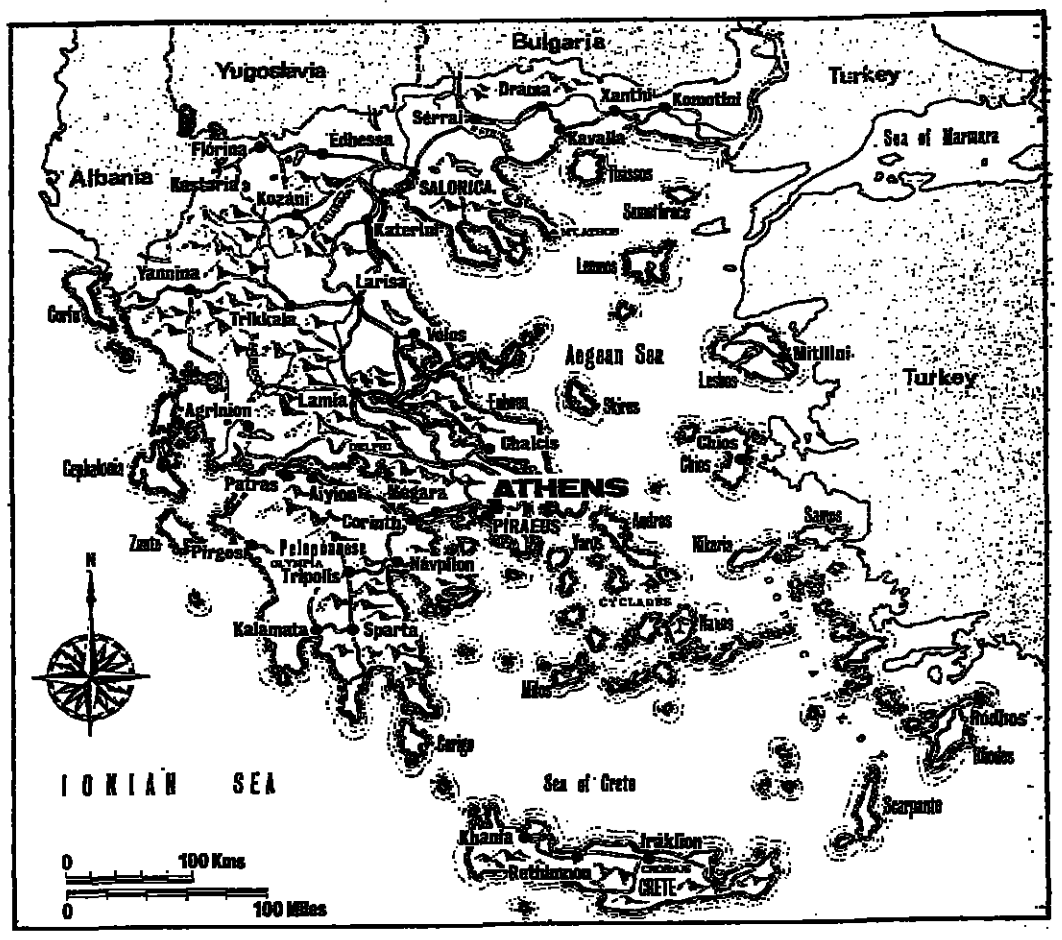
Work valued at £670,000 for Peranka Investments is for extending and refurbishing an office block in Wildegate Street, London, E.1, while Prudential Assurance has placed orders valued at £300,000 for external renovations and stone cleaning for Paramount Court and Kent House, London, W.1.

Rank Hovis has placed a £220,000 contract to be completed in nine months for altering, extending and refurbishing the building at 42, Lowndes Street, London, S.W.1, and at Grove Park Hospital in south east London a £200,000 contract involves upgrading hospital kitchens.

FINANCIAL TIMES SURVEY

Monday August 18 1980

Greece



The political system is stable but a stagnant economy and high inflation are challenging the relaxed progress of the last few years. There are pressures for social change, and problems of EEC membership have to be resolved as does Greece's future relationship to NATO.

Testing time on the way

By David Tonge

THIS SUMMER a cloud of pollution has been hovering over Athens, trapping the heat and threatening the ancient monuments. The Greeks are fond of symbolism and some have been asking if the cloud is an augury of trouble ahead. It is a question which needs to be asked as, electorally and economically, the real test of post-junta Greece is still to come—probably next year.

At the political level the Parliamentary system seems more stable than at any time since the colonels handed over power to Mr. Constantine Karamanlis six years ago.

But a stagnant economy, 25 per cent inflation and the first signs of balance of payments problems are beginning to challenge the relaxed progress of the past few years. The pressure for change is growing in a society whose structures of government, bureaucracy, official attitudes, family law and dirigiste controls date back to the early 1950s or before.

From next January, when Greece becomes the tenth member of the European Community, these problems will be those of Western Europe. In many cases the link will be only indirect. But in one area the problems of Greece are spilling over in a way which can no longer be put discreetly to one side. This is the whole defence relationship between Athens and its allies.

In August 1974 Mr. Karamanlis took Greece out of the military wing of NATO. He saw the step as the best alternative to being forced by public opinion to declare war on Turkey. Now arguments with Turkey over the division of command and control in the Aegean Sea are preventing Greece's return.

The West's failure to put pressure on Turkey has caused the emergence within the Government of the criticism of America which has long resounded in the streets. A year ago Ministers were saying that only when Greece's relationship with NATO was clear would they define the terms on which the important U.S. bases in Greece would be allowed to operate.

Request

Now there is an increasing articulation of threats to the bases and the determination by the Government to withdraw the request for integration if the matter is not solved before the next elections.

In the past there has often seemed more bark than bite in such statements. But today they need to be taken seriously—for two reasons. The first is that elections have to be held within 15 months and the Government is reluctant to give the anti-U.S. card to an opposition which is growing in strength—and says it wants Greece out of the Alliance altogether.

The second is that elevation of Mr. Karamanlis to the country's Presidency two months ago is leading to greater shifts than expected. The Presidency is proving more akin to that of France's Fourth Republic than the strengthened Gaullist Presidency of the Fifth.

His successor, Mr. George Rallis, is emphasising continuity, but he himself is a pragmatist and a younger generation of Ministers has now risen to key offices. The demands of public opinion have to be listened to in foreign policy. And at home accession to the EEC and the economic problems of the country are forcing changes on them.

The most crucial and most controversial change under discussion just now is a radical reform of the whole structure of rules and regulations by which Greece has long been ruled. These police every aspect of banking, investment decisions, industrial operations and imports. Though economically inefficient, they also underpin the elaborate system of patronage on which Greek politics has long depended.

Part of the ruling New Democracy's strength derives from how those in power in Greece can, as has happened for decades, help the citizen navigate through the numerous rocks and whirlpools of Government regulations. It is this system which largely explains the gap between the long reach of official decrees and the weakness of their grasp. It also contributes to the general ossification of the civil service.

Greek history often seems similar to one of the classical tragedies performed so strikingly in the country's open-air theatres, but with the intervals longer than the acts. It jumps from the glamourised world of Ancient Greece to Byzantium, to the war of independence from the Ottomans in the 1820s. Recent history too has its dark interval—the seven years from 1967-74 of the junta—but otherwise there is a clear continuity from the end of the civil war in 1949.

Supremacy

The military defeat of the mainly Communist Left was followed by years of conservative supremacy. In the end this supremacy was only maintained by violence and electoral fraud, but its most important consequence was that a purged and monochrome Greek establishment came to identify reform with revolution.

The refusal to accept the change supported by the electorate in the mid-1960s led to the unrest which, partially fostered by the colonels themselves, became their pretext for denying the late George Papandreou and his son Andreas their expected electoral victory.

When Mr. Karamanlis returned from self-exile in 1974 he carried all before him. As he himself said that year, it was an opportunity which would not come again. History will record how he dismantled the junta; had the courage to accept that Greece could not determine the fate of Cyprus; ensured an honest referendum which buried the fratricidal issue of the monarchy; established and presided over a working Parliamentary democracy; set the army about its proper task of guarding against external threats and linked Greece to the EEC.

These achievements ensure him a continuing charisma. But as the years have gone by so he, now aged 73, has changed from a national to a party figure. He has also been slow to implement the social changes for which many Greeks were looking when the junta fell.

The tax reform year was to be 1975. That reform never came. That year also saw the constitution decreeing that men and women should have equal rights. But family law still denies mothers most rights over their children. When an official committee reported on the changes necessary, the Minister of Justice commented that he would not preside over the dissolution of the family. That the constitution allowed seven years for the change does not alter the fact that in general reform has been at a glacial pace, that civil marriage has yet to be introduced and the Church has been able to prevent a permanent liberalisation of the country's rigid divorce laws.

Public services remain poor and education starved of resources. Technical colleges have been introduced and, an important development, the demotic language has displaced the artificial Katharevousa beloved by traditionalists. But nonetheless only one applicant in five finds a place in Greek universities and a quarter of Greece's university students are to be found in colleges abroad. The security forces remain heavy-handed and openly in favour of the Right.

Such issues, though giving a flavour to society, are less important, however, than the fundamental economic strides that Greece has made over the years. The war widow has given way to the insouciant youth of today. Electricity, roads and television have broken down the local habits of the past. Emigration has emptied the mountain villages which, through the centuries, resisted authority of all sorts. The consumer society, with all its strengths and weaknesses, is alive and strong.

Habits

A Jeremiah might stress that the economy depends heavily on speculation and moonlighting and that the poor have a daily battle for survival. The economist can argue—as does the Organisation for Economic Co-operation and Development—that productive investment must be increased if Greece is to respond to the challenges of entry to the EEC.

Such criticisms explain the continued rise of the opposition. But the Cassandras often neglect the degree of prosperity visible all around. Through the centuries the Greeks' entrepreneurial skills have defied the rules of the textbooks. Entry to the EEC is liable to make the largest demand yet on these skills. But the extent of the stakes which many Greeks have in the continuation of today's situation is a strong reason why the present Government may be hard to displace.

Elections have to be held by November, 1981. The general forecast is that the Government will want to put entry to the EEC behind it and to establish its identity before going to the polls. The expectation is thus for voting next summer or autumn—unless the Government chooses to make an issue of the U.S. bases and ride Mr. Andreas Papandreou's nationalist horse.

Last time round, in 1977, the New Democracy won 42 per cent of the votes and 58 per cent of the seats. This time it can hope to pick up some of the 7 per cent of votes which went to a now dispirited extreme Right. It can also hope to win from the largely disillusioned and dissolved Centre which won 12 per cent of the vote last time. But the loss of Mr. Karamanlis with his charisma and the widespread desire for change count heavily against it.

Many people say they wish to give Mr. Papandreou's PASOK a chance. In the last elections this party won 25 per cent of the vote. Next time it could run New Democracy close. It has the problem of being seen as a radical party yet needing to win the Centre vote. This is causing some agonising over the party's programme.

But Mr. Papandreou, who next year will be 62, 12 years younger than his father when he last became Prime Minister, is determined to avoid the conflicts of the past. As such he is un-

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Country takes a lively interest in foreign policy

IRAN, AFGHANISTAN and, from across the border, the death of Tito, have caught the Athens headlines. There has also been a change of Prime Minister and an ending of the days when Mr. Constantine Karamanlis treated his country's Foreign Ministry almost as a secretariat.

Yet Greece's foreign policy remains largely unchanged. This in itself is little surprise: Athens has long predicated its policies on its unresolved disputes with Turkey rather than on wider *global issues. But it masks the* seriousness for the West of a situation which, by next year, could have Western chancelleries asking why they allowed matters to drift beyond their control.

Comments

Grece has long been remarkable for the extent to which foreign policy is domestic politics. Before the 1977 elections one-third of those polled by an Athens daily newspaper named an item of foreign policy as the most important election issue.

There were some sad comments at the time that the proportion was low and reflected a sign of decadence. Yet, by Western European standards, it is a striking indication of the extent to which foreign policy has to be conducted in the full glare of public attention.

This remains the case today when any suggestion of discussions with Turkey on the Aegean causes the Opposition to ask if the Government is preparing to bargain away Greece's sovereign rights. It also means that almost any move by Washington or Western Europe is subject to far more intense scrutiny and debate than is appreciated abroad. This is particularly the case when it involves helping Turkey at the expense of Greece—as West Germany did recently.

The extent of this sensitivity over foreign policy is one of the three areas where the EEC's next member differs fundamentally from the rest of the Community. The second is in the intensity with which the Greeks believe that moralism is the proper context of foreign policy.

On this subject they will even cite Mr. Bulent Ecevit, Turkey's former Prime Minister, who said that whereas Turks thought that private life was the appropriate area for ideals and public policy for realism, the Greeks were realistic in their private dealings but idealists over foreign policy.

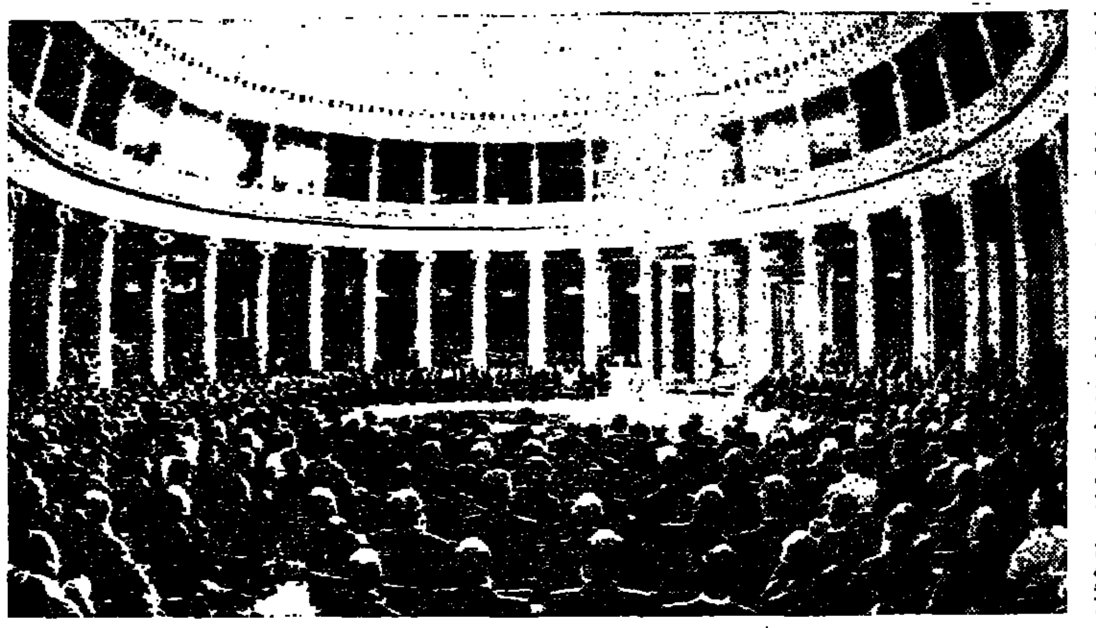
The third, and perhaps most crucial, is that whereas the major West European countries have a tradition of imposing their will abroad, Greece's experience is the reverse. It was occupied by the Ottomans and the Nazis. It had to fight its war of independence. And there is a general perception that its recent record of seven years of dictatorship and of the loss of national pride in Cyprus is in some way to be attributed to the U.S.

One consequence of this is that the average Greek sympathises more closely than do most West Europeans with the struggles of, say, the Sandinistas in Nicaragua and that they often vote with the Third World at the United Nations. There is thus, for instance, nothing in the European initiative on the Middle East that *they would find hard to accept.* But a second consequence is that there is less willingness than in many EEC countries over accepting the U.S. lead in East-West relations.

The Greek Government never followed President Jimmy Carter's calls to boycott the Moscow Olympics. If that may have been largely because it would like the Olympics to have a permanent (and non-political) home in Greece, it is also true that Greece is far more worried about problems with its putative ally, Turkey, than with the Soviet Union. Only last year, for instance, it allowed Soviet *merchant ships and naval auxiliaries* repair rights on the island of Syros.

Subdued

Within Greece the debate on its membership of the EEC is much subdued. The treaty of accession was signed last year and from next January Greece will be the EEC's tenth member.



The signing ceremony of Greece's Act of Accession to the EEC in Athens last year

Mr. Karamanlis, now the President, sees this as one of his major achievements. Further, the constitution allows him to block the referendum for which his opponent, Mr. Andreas Papandreou, continues to call.

Mr. Papandreou insists that he remains opposed to Greece's membership, but is now making it clear that were he to become Prime Minister his party would find some form of co-existence with the Community.

He says that he wishes to have a special relationship which would protect Greece in the fields of trade and capital movement. He cites the EEC's accord with Yugoslavia as what he would have favoured. But he also says that he will work within the EEC at all levels and that he will co-operate with Spain and Portugal to help build a Mediterranean counterweight to the industrialised north in the Community.

However, positive relations with the EEC, relations with NATO and the U.S. remain unresolved and it is here that the threat to the West lies. On the one hand there is the problem that NATO has still not been able to work out a formula for *Greece to return to the military* wing of the alliance. Mr. Karamanlis withdrew Greece's forces from NATO command in August 1974, seeing this as the best alternative to waging the war with Turkey for which public opinion was pressing.

Aegean problems

Some forms of military cooperation have continued, such *as joint naval manoeuvres* and exchange of squadrons with various NATO countries. But generally the cost to the alliance has been serious, especially in political terms.

Further, the Greeks say that they will not sign an agreement with the U.S. covering the future of the important American bases in Greece—which include air force and naval communications, as well as the major naval base and airfield at Souda Bay on Crete—until the country's NATO obligations are clear.

On the other hand, there is the complex of issues involved *in the Aegean.* These include disputes over de-limiting the continental shelf, questions of territorial limits at sea and in the air, and problems of dividing NATO naval and air command and control responsibilities between the two neighbours.

It is these last problems which have prevented conclusion of an agreement for Greece's return to NATO. The arcane nature of the dispute sometimes distracts attention from the way that both countries have what they see as their vital interest at stake. In Greece's case, the odds are no less than the future of their outlying islands which run down the coast of Asia Minor. For Turkey, there is the need to ensure that Greece does not use the islands in such a way as to block its access to international waters.

The issue has been simmering for seven years, and has *come to the boil at least twice,* in 1974 and 1976. The depth of the passions which can be aroused was shown last month when riots took place on Rhodes when a Turkish Maritime Lines ferry began a regular service between the two countries. Such passions mean that whatever detente can be built between the countries' Foreign Ministers, progress remains hard to assure.

What makes it urgent for the West is that it is a case of now or—perhaps—never. Anti-Americanism is strong not just in the streets but for over a year among Greece's top administration.

Further, Mr. Constantine Mitsotakis, the Foreign Minister, says that if the issue of Greece's return to NATO cannot be solved, the present Government will withdraw its request for reintegration before the next elections. This, he says, would mean that there would remain no purpose for the bases to stay in in Greece.

These elections are bound to lead to an increase in Mr. Papandreou's vote. If he fails to gain power it could be hard for a weaker version of the present Government to make a fresh application. If he does gain power he says that he will seek *to leave NATO's political wing* and close down the U.S. bases.

These are his long-term aims; his tactics have more nuances. He points out that a large country like France took a year to leave NATO, that Malta needed several years to close down the British bases, and that President Castro still has to live with the U.S. base of Guantanamo. His actual moves could thus be less radical than his party's long-term slogan of "out with the bases of death."

But the implications are clear. Gen. Bernard Rogers, the Supreme Allied Commander in Europe, is now again trying to bridge the gap between Greece and Turkey. The Greeks even say that they are beginning to see grounds for optimism. If they are wrong, however, messy the situation in Greece today, these could be the West's halcyon days.

David Tonge

Faltering economy in need of radical handling

THE GREEK economy is faltering. It has done so before—in 1974 when long years of mis*management by the Colonels* and the effects of the oil price rise combined with the uncertainties following the fall of the junta. But this time the underlying situation is more worrying.

Four months before the country is due to enter the EEC, output is stagnant if not declining, inflation is around 25 per cent and the current account deficit is expected to approach $2.5bn, or 5.5 per cent of GNP. Greece, which for years has had an enviable record of virtually no unemployment, now faces a considerably rising number of jobless.

The approach of elections next year and the continuing rise of the opposition party, Pasok, increase the pressure on the Government to set the situation to rights. But the problem is *that the need is not longer for* a simple tinkering with the controls.

A recent confidential report by the International Monetary Fund observed that the Greek *Government has been* "less effective than intended" in implementing its policies to control inflation and limit its trade deficit.

But the Paris-based Organisation for Economic Co-operation and Development, in its annual survey of the Greek economy to be published next month, goes further. It warns that the balance of payments "will constitute a major constraint on the growth of domestic demand and reduce *further the* economy's long-run growth potential" unless exports are increased.

It says that altering this will require raising the share of investment and it observes that the investment climate has to be improved and profits from productive as against speculative activities increased if Greece is to respond to the challenges of entry to the EEC.

Over the years the Greek *economy has built an impressive* record of growth. The country ended the 1940s devastated by a decade of war, Nazi occupation and civil wars. However, through much of the next quarter of a century growth exceeded 7 per cent each year.

Workshops

In many ways the growth was unusual. Manufacturing tended to lag, being characterised by the growth of a few large plants and the survival of the huge number of workshops which provide the backbone of industrial employment. An unusually large service sector developed, *largely because of tourism.* Shipping and emigrant workers' remittances became an important factor in the balance of payments, and growth was largely concentrated in the Greater Athens area. This now contains over one-third of the population and one-half of its manufacturing capacity.

Some of these characteristics were evident in Italy and another factor the two countries *have in common* is the development of a flourishing black economy. When the bank clerks came out on strike recently it was largely against Government measures which would have changed their work times and prevented many from *doing* a second job.

The widespread practice of second jobs is only part of the plethora of activities which cause the unofficial economy to be equivalent to no less than a further 25 per cent of the GNP. The extent of speculation in goods and land adds to the pressure on prices. Most of the earnings from these activities, like the important agricultural sector, are untaxed.

It is this which explains why even today, when non-agricultural sectors are in general showing a decline in output, conspicuous consumption in boutiques and night clubs remains high.

Tax avoidance and tax evasion mean that tax receipts are relatively low. The tax system itself has long been the despair of the OECD, but repeated calls for reform have led nowhere. Now Greece is committed to introducing a value added tax by the end of 1983. But for the time being the public sector borrowing requirement remains high—equivalent to about 8 per cent of GNP—and the authorities continue to rely on a complicated mixture of monetary policies to finance their budget deficit.

Entry to the EEC will reinforce Greece's agricultural sector, both improving its earnings and leading to some long overdue structural changes such as, it is hoped, the consolidation of the numerous scattered parcels of land which are such a feature in Greece. The balance for manufacturing and the important Greek artisan sector is more precarious — as the accompanying article on industry describes. The shake up in these last sectors may be delayed and protracted. But two areas where the EEC is already having an effect are exchange controls and, of crucial import*ance, banking regulations.*

Under its treaty of accession, Greece is committed to making the captive drachma largely convertible by the end of 1985. It is also required to introduce *an inter-bank exchange market* by the end of this year. The first steps in this direction are being taken later this month when a managed market is to start operations on a trial basis.

This market is to be phased in during October to take the place of the existing system whereby the Bank of Greece each day fixes the value of the drachma against the currency of Greece's main trading partners, according to Professor Xenophon Zolotas, Governor of the Bank of Greece.

The question of dismantling the remarkable series of banking controls which Greece has *built up over the past 30 years* is proving far more controversial. Like most countries in the post-war period, Greece, which had suffered hyper-inflation and civil wars, introduced a series of strict banking regulations. But in the mid-1950s Greece decided that these temporary measures could become permanent instruments of development policy.

These regulations now control *every aspect of banking—and* through them influence investment decisions. At one conservative estimate there are 82 separate bank lending rates established by central fiat. At the same time there are numerous regulations concerning the amounts that can be lent to certain sectors and there are also stringent compulsory reserve requirements.

BASIC STATISTICS

Area	131,990 sq km (51,182 sq m)
Population	9.36m
GNP	1,465bn Drachma ($3,846bn)
Trade (1979)	
Imports	$9bn
Exports	$4bn
Trade with UK	
Imports	£273m
Exports	£151m
Foreign exchange reserves (April 1980)	$825.9m
Inflation (RPI) (April 1980)	24.9%
Unemployment rate	
Official	2.5%
Estimated	5%
Numbers remaining unemployed (Dec. 1979)	49,380
Currency: Drachma. £=101.53 Drachma	

It is generally agreed that the controls have not achieved *their aims.* On the contrary, according to one study by Mr. D. J. Halikias, economic advisor of the Bank of Greece, they have perpetuated the oligopolistic nature of Greek banking and industry, stifled the development of healthy credit mechanisms, discouraged firms from competing on price, and encouraged them to lend to traders, thus tying up working capital which should have been used for companies' development.

The IMF has joined in the calls for freeing interest rates, and the Government's own programme commits it to move in *this direction.* But as Mr. Efthymios Christodoulou, governor of the dominant commercial bank, the National Bank of Greece, says, the interest rates are only the tip of the iceberg. Altering them requires tackling the whole dirigisme structure, of which they are one manifestation.

The younger generation of Ministers which has risen following the latest Cabinet *change supports moving in this* direction. Mr. Ioannis Boutos, Minister of Co-ordination, says that reform of the banking system is essential for Greece to take advantage of its membership of the EEC and to help entrepreneurial activity. But the problem is that the present structure of controls was developed by many of the men who still rule Greece and by the direct ancestors of the ruling New Democracy Party.

In many ways this is the first major debate on reform which has been caused by Greece's entry to the EEC. Its immediate outcome is uncertain. Professor Zolotas says that as *long* as Greece suffers a high rate of inflation it is not easy to proceed with liberalisation. He adds that a committee is to study the matter and report by the end of October.

But the basic problem in Greece is that speculation in goods and real estate is better rewarded than the investment on which the country's future *depends. Altering this situa*tion requires not merely amending regulations but improving the quality of the State machinery. And this, it seems, is a problem for which no party has an immediate solution.

David Tonge

Testing time

CONTINUED FROM PREVIOUS PAGE

likely to look to the Left for support, even though the Communist Party of Greece is generally expected to increase its vote. The forecast most usually heard is that it could win 12-13 per cent of the vote and around 20 of the country's 300 Parliamentary seats. The (Eurocommunist) Communist Party of Greece (interior), however personable its leaders, is fighting with its back to the wall.

The prospects, however distant, of a hung Parliament or even a shift in power make the situation an intriguing mix. It is also one where the attitudes of the West could influence results. An "honourable" solution of the Aegean dispute would doubly help the Government, both through increasing its prestige and allowing the diversion of part of the one-third of the budget which now goes to the armed forces.

The continuation of the present uncertainty is bound to help Mr. *Papandreou and, even* if he threatens a family quarrel rather than a divorce with the EEC, could cost NATO dearly.

But, overall, Greek society seems less polarised than at any time in the past 30 years. In the first years after the junta the paranoia about the return of the Army remained. Today it is not an issue which needs broaching with Ministers. The issues *of the moment are handling the* economy, adapting to the EEC and introducing change. In all these fields, and most urgently in the economy, problems remain to be solved. But as so often before the Greeks may yet prove that they will find their own way forward.

David Tonge

Industry must gear to EEC

THE INTEGRATION of Greece into the European Community will confront Greek industry with problems of adapation which will be more complex than are generally admitted.

The Greek Government expects substantial advantages for the economy as a whole, although at a cost to several parts of its industrial sector. It argues that as an associate member of the European Community since 1962 Greece has gained considerable experience.

Rapid growth in industrial production and rising exports to the EEC are cited as evidence of the competitiveness of Greek industry. The Government believes that the customs union has more or less been achieved, the difficulties have been solved to the benefit of industry, and that the next logical step in the progress of the relations between Greece and the EEC should be full membership with all its advantages.

The EEC Commission, on the other hand, is more sceptical. Despite the undeniable success of its industrialisation policy in the past 20 years, Greece's industry still suffers from considerable weaknesses in comparison to most of the member states of the EEC. The reasons for this are to be found mainly in structural deficiences: unbalanced sectoral development, great regional disparity in industrial production and the shortcomings caused by the predominantly small-scale of Greek manufacturing. The result is a growing trade deficit which is worrying Greek officials.

Almost 40 per cent of all enterprises and 50 per cent of the total labour force in industry are concentrated in the Athens/Piraeus area. Moreover, the predominance of artisan enterprises is typical of the structure of Greece's industry: about 95 per cent of all enterprises have fewer than 10 workers. Only the basic metals, tobacco, paper, textile and chemical and petro-chemical industries may be considered medium- to large-scale industries.

Ministry of Industry figures show that today there are about 2,600 industrial units in Greece. The 120,000 small- to medium-sized businesses also play an important role. Industry and small-medium manufacturing businesses employ about a quarter of the total labour force.

According to Mr. John Piperoglou, general secretary of the Federation of Greek Industries and managing director of Greece's largest maker of electrical appliances, there will have to be considerable restructuring of Greek industry.

"There will be traumas. Most companies whose operations depend mainly on local raw materials and a transport or local market advantage will survive. But others will disappear or will combine with bigger European companies. There are major opportunities for foreign firms to buy into Greek firms," Mr. Piperoglou says.

The share of industrial products in total exports to the community rose from 1.8 per cent in 1962 to 61 per cent in 1979. The EEC now takes almost half of Greek industrial exports, but a recent survey conducted by the Federation of Greek Industries revealed that nearly 50 per cent of exports are undertaken by only eight companies. Most industrial exports are relatively unfinished products such as aluminium and nickel ingots or cement.

The share of industrial exports to the EEC in the Community's total industrial imports is no more than 0.5 per cent, while in the case of textiles, often the subject of considerable controversy, it is roughly 1.5 per cent.

Liberalised

Greek industrialists say that in a number of cases Greek exports to the EEC are impeded by quotas, countervailing charges and other administrative measures. However, according to a study by the German Development Institute (GDI), full membership will not bring a tariff-induced increase of exports to the EEC because the EEC has already liberalised trade with Greece.

On the other hand, tariff protection vis-a-vis the EEC is still so high today that the pressure of imports will start to make itself felt only when further tariff reductions take place by 1984. The full application of the common customs tariff is not yet completed in the existing branches of industry in Greece.

The adjustment to the EEC will entail substantial reductions in tariffs vis-a-vis imports from Third World countries. This will mean increased pressure on Greek industrial manufacturers. The tariff-induced import increases will probably lead to production cutbacks in Greece's traditional industrial sectors.

"If there is any truth in the assumptions that the rising pressure of imports will lead to corresponding drops in production and that specialisation will entail rationalisation of production, then Greece will be confronted with growing unemployment in the coming years," the GDI study said. It said that even if half of the artisan enterprises survive, about 120,000 jobs will have to be created anew.

It added that the pressure of imports from the EEC and third countries will not be so much of a problem for large concerns which are already competitive today by international standards, but one for the medium and especially small-scale industry. The sectors expected to face the greatest difficulties after enlargement are transport equipment, mechanical and electrical engineering and, to a lesser degree, chemicals.

Perhaps even more important than the lifting of the last Greek tariffs will be the dismantling of non-tariff barriers. The Community told Greece last month it was dissatisfied with these barriers which are affecting imports from the Community. Most quantitative restrictions will be abolished immediately after accession to the EEC: excluded are 14 products (including fertilisers, pumps, boilers, television sets, certain electrical goods and cars) on which quotas will be increased gradually before full phase-out at end-1985.

Further, for certain industrial goods Greek importers have to deposit a non-interest-bearing amount of up to 100 per cent of the import value for six months. The import prices are therefore raised by the percentage loss of interest. The progressive reduction of this deposit by 1984 will increase the pressure of imports on Greek production.

And there are other problems. Most of the Greek manufacturing industry realises the need to restructure thoroughly and become more modern and professional in their approach to business. However, family control has gone on for so long that an adequate supply of professional managers in sufficient quantity is not available at the very moment when Greek industry, long flourishing behind protective walls, is going to feel the need.

A recent OECD study found that the Greek banks tend to finance large plants at the expense of small ones. It said dependenc on sources outside the enterprise is not only considerable but also fragile, since most external financing is by short-term bank credit on hard terms.

Further, the small establishments, together with the determination of manufacturers to keep the business in the family, all but rules out access to the rudimentary Greek capital market. The OECD study described Greek manufacturers' approach to business as "Malthusian" saying it consisted of slowing down the development of an enterprise in order not to lose control of it.

"The result is a kind of vicious circle, the essential elements of which are continued existence of small-size industrial establishment and the need for change in the pattern of bank financing, which would be facilitated by the existence of large industrial units capable of meeting bank criteria for long-term financing.

"The very strong determination on the part of the Greek manufacturers not to lose the share control of their business sometimes has the consequence even in the case of large industrial establishments that dependence on external financing remains considerable," the OECD study said.

Low ratio

Further, the severe restrictions on bank credit for trade mean that in practice industrial companies compete less in price than in the credit terms they offer to traders. This has considerably slowed down their own development. It has also led to a very low ratio of own to borrowed funds. In Greece this ratio is often about 25 per cent, compared with a ratio of between 40 to 60 per cent in most EEC countries.

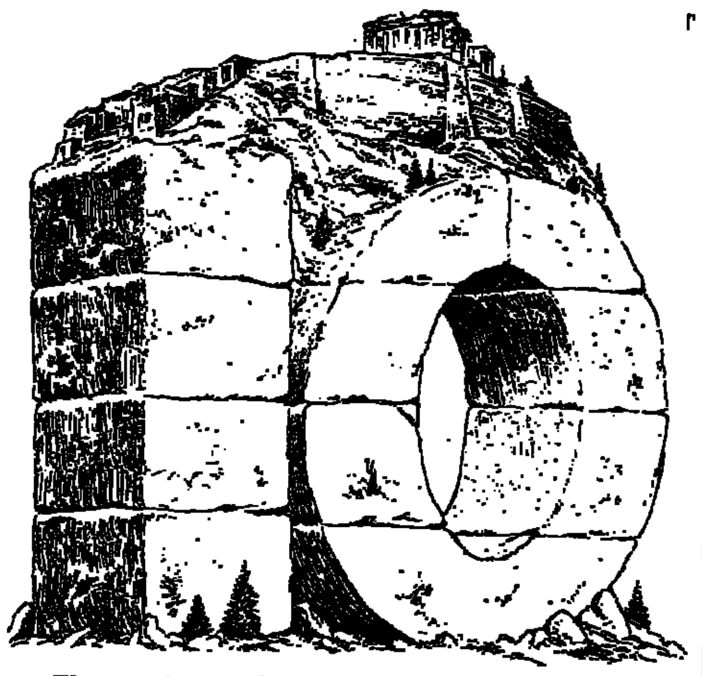
Greece's repeatedly revised five-year plan—originally due to cover 1976-1980, then rewritten to span 1978-1982, and even today only partially published—says that in a country like Greece with a limited local market and relatively reduced technological standards, the import of foreign capital and modern technology is necessary for the efficient mobilisation of available productive resources.

Foreign investment capital imported into Greece since the inception of investment law 2687 in 1953 totals nearly \$1.5bn. The chemical, petroleum and coal, and the basic metals industries have represented the largest attractions for foreign capital, between them accounting for more than \$600m of the total \$940m invested in industry. Of secondary importance have been the sectors of shipbuilding and electrical machinery and telecommunications, accounting for a further \$150m.

The most important sources of foreign investment in Greece have been the U.S. (accounting for 22 per cent of the total investment capital actually brought into the country), France (15 per cent), West Germany (5 per cent) and Italy (3 per cent). In 1974 foreign companies owned 20 per cent of the assets of the top 100 Greek companies with the share rising to 62 per cent in basic metals and 30 per cent in chemical and electrical equipment.

In the past, direct foreign investment has played a substantial role in the expansion of the industrial sector because it was mainly carried out in sectors which were underdeveloped in Greece up to then. The achievement of export quotas for approval of direct investment in the traditional sectors has raised the export opportunities of Greek industgy. According to the federation of Greek industries, the export share of the companies set up with the participation of foreign capital amounted to almost 70 per cent of total industrial exports.

N. J. Michaelson



The tenth member of the EEC, as seen by Euroforum, published by the EEC Commission

Labour troubles continue

It has been a difficult year on the labour front and further problems may be ahead. This year so far the banks have been shut for 38 days, shops and schools closed and the electricity company was brought to the brink of a crisis by labour disputes.

A bitter winter is predicted. Last year, Government attempts to hold back wages led to a substantial erosion of real incomes. This year the authorities have successfully imposed wage restraint in most of the public sector, with the strikes generally reflecting the unwillingness of other wokers to accept a further fall in living standards.

The vigour of the strikes is in marked contrast with the fact that the official Greek labour movement is one of the weakest in Europe. It has suffered decades of political interference. The International Labour Organisation has recently been criticising the lack of protection of Greek unionists from dismissal.

This and earlier complaints by the ILO at working conditions in Greece and the absence of safety controls reflect the limited interest of the official trades union confederation, GSEE, in challenging a Government on whose patronage its leadership largely depends.

The labour centres affiliated to the GSEE recognise unions largely on political grounds. In the case of shop employees, a right-wing union with 500 members is enscribed with the labour centre of Athens, while a Left-wing union with 5,500 members has no official representation.

Readiness

The GSEE says that this is because it wishes to discourage any further fragmentation of Greek unionism—but itself is keeping on the stocks building and hospital workers confederations, in apparent readiness to challenge the existing confederations controlled by the Left.

The degree of politicisation of the labour movement appalled a delegation from Britain's Trades Union Congress which visited Athens recently.

Other points which have disturbed outsiders are the extent of official control of union finances and the way governments have resorted to drafting workers to break strikes.

International outcry when this drafting happened last year may have buried this practice, but employers have recently been taking advantage of a civil code provision which means they can sue unions for the losses their businesses suffer as a result of strikes.

So far this provision and the court procedures involved have been used to avert strikes rather than to fine unions.

D.T.

The mules which carry tourists up the 900 steps to the town on the volcanic island of Santorini. Last year the mule drivers went on strike to back pay demands

Church in a power battle

ROUND FOUR between the Greek Orthodox Church and the State is due to start this autumn. So far the score is 2-1 to the State. The latter has managed to ease anti-abortion laws and establish diplomatic relations with the Greek Church's great rival, the Vatican. But it had to back down in its attempts to introduce a permanent liberalisation of the country's austere divorce laws. In the end all it could do was put on the statue book for a mere six months a law allowing divorce without consent—and only to couples already separated for six years.

The forthcoming battle with the Bishops is more serious as it could deprive the Church of one of the central props of its influence—the fact that in Greece no christening, marriage or burial is possible without the Church. Now the Government proposes to introduce civil marriage. It is a crucial move, both because atheists cannot be married in Greece and because of its long-term implications for the Church Archbishop Serapheim has come out in favour of ceasing to "blackmail people into participating in a ceremony in which they do not believe." But the Bishops, whose support is important, are not convinced.

Influence

It is in such battles that both the influence of the Greek Orthodox Church and the reasons for its declining prestige become apparent. The influence stems from the Church's power as the religion of the State: Greece is the only country with a constitution officially recognising Orthodoxy. It still has its historical appeal of having kept alive the flickering flame of Hellenism during the long centuries of Ottoman occupation—as it does today among the Greeks of the diaspora. And it remains the country's largest landowner, with assets estimated at \$1bn.

All these and the power it has over the rituals of birth, marriage and death explain its ability to delay the social changes which all political parties support. But in causing these delays it is to some extent stoking the flames of its own funeral pyre. Its prestige suffered enormously from the close links it kept with the colonels' junta. Since then its synod has been racked by doctrinal and personal quarrels. There have been accusations of scandals in the management of church properties and photographs published of a bishop and an actress—naked.

Other Western churches have responded to the decline in church attendance by seeking to give their policies greater social revelance. The Greeks have done the reverse. For example, they consider Jehovah's Witnesses, for their conscientious objection to military service, as "terrorists who should be shot." The Archbishop himself has shown himself open to the world, last year writing for instance to the heads of the churches of the EEC.

But this summer saw little progress in an attempt to encourage greater co-operation between the Orthodox and the Catholics. The churches of the eastern Rome and Rome itself had their great schism in 1054. Since then they have had only a short-lived period of agreement, following the Council of Florence in 1493. Today they remain divided.

Besides introducing civil marriage, the Government is also proposing to take on the cost of the salaries and pensions of the clergy in exchange for four-fifths of the Church's assets. This too is being opposed by the conservatives in the synod. But gradually their protests are beginning to echo as hollowly as the corridors in Greece's emptying monasteries. The decline, which is common to all Greece except the theocratic State of Mount Athos, the holy peninsular in the north, is general and historic. It is hard to see how it can be reversed.

Yet to stress the speed of the decline would be a mistake. The Greek Orthodox Church remains a force to be reckoned with.

David Tonge

Banking reforms make slow progress

GREECE'S COMPLICATED banking system is the key to the country's economic development, and looking at the way that high growth rates were sustained through the 1970s it would appear to have unlocked the door to prosperity.

But in fact Greek bankers and Ministers in the three-month-old government headed by Mr. George Rallis now generally agree that the banking system is in need of a major overhaul. If anything, the key to the economy is locking out the changes now urgently needed to streamline Greek industry in the 1980s.

Greece has a highly centralised, indeed top-heavy, banking structure where just three banks account for three quarters of all banking business. One, the National Bank of Greece, mops up 60 per cent of all deposits. The monolithic character of the system not unnaturally tends to reduce competition, but it is the awesome array of State controls and government-decreed interest rates for different types of business that most stifles the banks' flexibility.

A decision-in-principle to liberalise banking controls that range from the around 100 different interest rates and over a score of loan rates has been taken by the Government. But the real issue of how best and how quickly to effect the reforms has so far done little more than highlight a potentially embarrassing split inside the Rallis Government on the wisdom of changing a financial structure that has all the strength of tradition.

With full membership of the Common Market on January 1, 1981 now less than six months away and general elections due to be held by November of that year during a deepening economic crisis, the pressures for radical change are powerful. The ruling New Democracy Party must in any case introduce a variety of financial reforms to comply with EEC demands, while on the electoral front a sound case can be made for demonstrating that the present government is a tough and resourceful crisis manager on economic questions.

Yet the counter-pressures for proceeding slowly with any banking reforms are also very strong. The elder and most senior figures in the Rallis Government helped build the present edifice of controls, and used them as a dirigiste instrument for accelerating the difficult process of Greece's post-war industrialisation. They find it hard to dismantle a tried-and-true system, while the chief architect of the structure, Prof. Xenophon Zolotas, is still Governor of the Central Bank of Greece.

Caution

Prof. Zolotas recently told the Financial Times of the need to proceed with caution on the complex task of reform, and indeed the lack of urgency with which an important executive committee that would oversee the work has been formed suggests to outsiders either inertia or delaying tactics.

Some related steps are under way, however. As a first move towards freeing the captive Drachma and allowing it to become fully convertible with other EEC currencies, an inter-bank foreign exchange market is to be launched on August 27 and after a period of dummy operation will work from after October as a means of fixing the Drachma's value on the basis of "authentic" (meaning non-speculative) transactions.

Senior bankers in Athens are sceptical that full convertibility will be achieved by the end of the five-year target date, but the controlled inter-bank foreign exchange market is nevertheless a major move away from the present system under which Drachma exchange rates are fixed by the Government against a trade-weighted currency basket.

A second move, aimed at diminishing the negative effects of Greece's exchange controls regime, also has been made. Foreign deposits held by Greek nationals—which because of the international nature of shipping and the large expatriate community are estimated to total $15bn and upwards—are to be lured home by specially attractive interest rates.

Yet these changes have so far touched only the periphrey of the problem. Under the present system Greek companies have hadto finance their own trading operations—and the liquidity nededto fund credit for their sales has cut severely into industrial investment spending. Even during the high growth years of the mid-1970s, when GDP increased by about 6 per cent, investment was worryingly stagnant. A free interest rates market, where the best propositions or projects attract the bes rates, and greatly-increased access to international sources of finance for the banks themselves, is increasingly urged as a solution.

The Greek banking sector is made up of the Big Three State-controlled commercial banks, four lesser State-controlled banks, three privately-owned banks and fewer than a score of foreign banking operations. Apart from the predominant National Bank of Greece, all the domestic banks haev failed so far to spread their wings outside Greece and have relied heavily on the traditional corresponding system. The need for them to widen their deposit base and boost their lending through tapping the medium-term Euromarket and the inter-bank Eurocurrency short-term market is more and more being stressed by Greek economists.

Indeed, the National Bank of Greece now plans an ambitious increase in its international presence. The bank's newly-appointed Governor, Mr. Efthymios Christodoulou, aims to boost international business currently handled through the bank's 40 various units abroad from the present 10 per cent of total business to 40 per cent during the 1980s. At today's values, that would mean lifting international business from about $1.2bn yearly to more than $5bn.

Significantly enough, one of Mr. Christodoulou's reasons for the international drive is the need to reduce the National Bank's overwhelming dominance of the banking sector and so encourage competition and growth in the smaller banks.

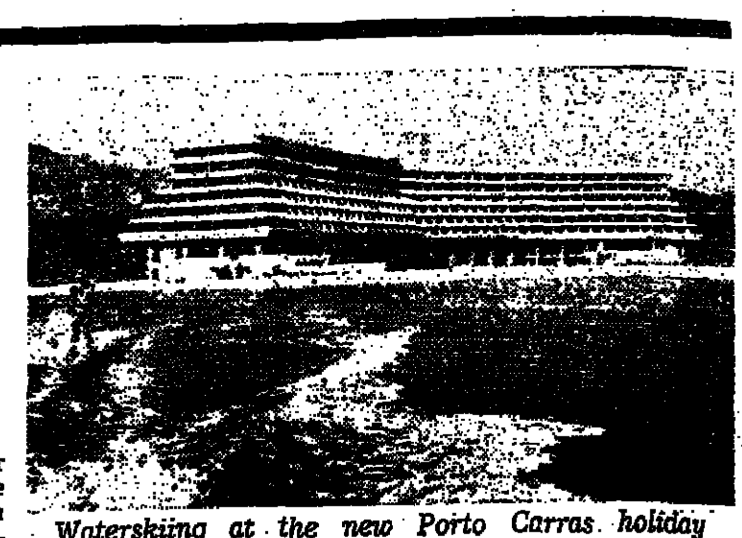
The National Bank of Greece is also attempting to tackle the problem of inadequate investment funding for industry with the setting up of its National Investment Company, which is intended to represent an "objective and coherent approach to stimulating investment," and which could be a pilot for further units of the same time floated by the bank.

Among the new generation of up-and-coming Greek Government Ministers—the "progressive" element of Mr. Rallis' Cabinet—there is nevertheless a view that the streamlining of the National Bank must be hastened. Mr. Ioannis Boutos, who holds the pivotal economics post of Minister of Co-ordination, believes that the liberalisation of interest rates will ensure the reorganisation of the National Bank by producing fierce competition that could give Greece's smaller banks the edge.

How influential the "Young Turks" in the Government, such as Mr. Boutos and Mr. Stefanos Manos, Minister for Industry and Energy, prove to be in the debate over banking reforms remains to be seen. But it is already certain that some reforms will be required shortly in order to meet EEC requirements.

In the field of interest rates there is the urgent question of abolition of Greece's subsidised export credit rate—which currently stands at 10.5 per cent in contrast to the "commercial" rate of 24 per cent ordained by the Government.

Giles Merritt



Waterskiing at the new Porto Carras holiday resort, on the Halkidiki Peninsula

Drop in tourists

TOURISM, THE country's top foreign exchange earner, may be on the threshold of a lean period likely to affect an already gloomy balance of payments picture.

Official figures for the first half of the year show that tourist arrivals were down by about 12 per cent. Hotel owners report reduced bookings even for the high season, which is usually marked with overbookings, and estimate the decrease for 1980 could finally be 15 per cent below last year's total of 5.8m tourists—this in the context of an annual average increase of 12 per cent in recent years.

Biggest drop was in American tourists, but the 309,000 British visitors in January-June was a 45 per cent increase.

However, the higher prices should keep the industry's income at about last year's level of $1.7bn.

Mr. Nondas Solounias, president of the Greek Federation of Hotel Owners, attributes the drop in tourist numbers to a general decline in world travel this year and Greece's relative distance which puts the country at a disadvantage because of increased air fares, the result of the energy crisis.

Hardest hit by the slump are the hotels in Athens, which report that business is down by almost 30 per cent, and cruise companies, many of which have had to tie up ships for lack of business. The only exception is the Dodecanese island of Rhodes which has so far managed to chalk up a 15 per cent increase in tourists.

Mr. Solounias attributes this to the fact that Rhodian hotel owners did not increase their prices to the maximum level permitted by the National Tourist Organisation, and so could offer cheaper packages than other resorts.

N.J.M.

Shipowners have to face responsibilities

IN ANY league table of the world's leading independent shipowners the Greeks are always near the top. They do not always have the largest fleets, but there are far more of them.

In Hong Kong Sir Y. K. Pao, C. Y. Tung and Frank Chao dominate the shipping community. In Norway there are the famous Bergesen and Reksten shipping empires. Sweden has the Salen family and Denmark A. P. Moller. In the U.S. there is the legendary D. K. Ludwig, who controls National Bulk Carriers. But after that one has to search for others.

In Britain the famous shipping families have faded into obscurity, while on the Continent shipping companies are either owned by the banks or the State. Greek shipping, however, remains very much a family business.

Every other Greek island seems to have fathered a major shipowner. The Lemos family comes from Oinousai, the Kulukundis from Cassos, the Livanos and Chandris from families from Chios, the Goulandris from Andros; so th list goes on. The 190-odd traditional shipping families from the rocky islands of the Ionian and Aegean Seas have been joined since the war by around 500 newcomers, such as the Onassis family from Asia Minor and Stavros Niarchos from mainland Greece.

The rise of the Greek shipping fleet ove rthe past decade has been spectacular. While the fleets of traditional maritime countries such as Britain and Norway have been declining, the Greek fleet has been expanding rapidly.

In 1965 the Greek flag (two-thirds of which was registered under flags of convenience) amounted to 18.6m grt and was noticeably smaller than the UK fleet.

Today, the Greek fleet (the bulk of which is now under the Greek flag) amounts to well over 50m grt and is roughly twice as big as the UK fleet. In terms of numbers of ships, Greece has around 3,500 whereas Britain has just 1,200.

Although it is difficult to measure the total size of the various national fleets because some ships are registered anonymously under flags of convenience, Greece's Ministry of Mercantile Marine believes that the Greek fleet is now the largest in the world.

Good crews

For a country of less than 10m people to control 12½ per cent of the world shipping fleet is no mean feat. The reasons for the rise of the Greek merchant fleet, especially during the recent severe recession, have been well rehearsed.

Aside from the entreprenurial flair of the various Greek shipping tycoons, for whom shipping is a way of life, a large part of the success is due to the relatively cheap and hitherto adequate supply of good quality crews.

On top of this, many West European owners insist on operating brand new ships. But Greek owners have often bought secondhand vessels. Financing costs are lower and the profits on astute buying and selling of ships have bolstered their financial reserves. In fact, over the last couple of years there has been far more money to be made in buying and selling ships than in purely operating them.

The other reason for the success of the Greek shipping fleet stems from its privileged position in the Greek economy. Greek owners paid only $50m in taxes last year and many outside observers, particularly in the OECD, believe that the Greek shipping sector could easily make a greater contribution to the domestic economy.

Nevertheless, the rapid growth and success of the Greek merchant navy in recent years has not been without its problems, the most acute of which has been the developing shortage of good quality crews.

The pressure to recruit more seamen has manifested itself in a number of ways. In some cases crew standards have been dropping and wage rates have been rising, which has substantially eroded Greece's competitive advantage.

According to the Bank of Greece, a ship's master now earns 110,000 drachmas per month and a chief engineer the same. This works out at around £13,300 per year, nearly the same as British levels.

The rise in Greek seaman's wages means that in many cases Far Eastern operators are able to crew their ships more cheaply. One solution has been to recruit more non-Greeks as seamen on Greek ships, but this is meeting with some opposition from the Greek trades unions.

Another problem which has resulted from the rapid growth in the Greek merchant navy is that its safety record has deteriorated. This is a complex subject and the Greeks are naturally sensitive to accusations that their ships are more accident-prone than others.

The trend in ship losses over the last few years has indicated that some flags, such as the Liberian and Greek, are more accident-prone than others. H. P. Drewry, the London shipping consultants, recently calculated that Greek losses averaged 0.97 per cent of the Greek fleet annually over the period 1970-78. This was nearly three times the world average.

Of course, there is always more chance that older ships will be involved in casualties than newer vessels. Since they are sometimes less reliable. In addition, if older ships are badly damaged there is less incentive to repair them because it is often not worth it. Hence many of these ships are categorised as losses in the statistics, whereas newer ships would be repaired.

Nevertheless, the more responsible Greek owners admit that some Greek ships are more accident-prone than necessary. This is partly because many ships are involved in the "cross-trades." They never come near a Greek port for years and are not always checked as thoroughly as they should be.

To improve Greece's safety record, the standards of its marine academies are being greatly improved and the education of merchant navy officers upgraded. However, there are still some officers in their mid-50s who did not receive such good training and this is another subsidiary factor.

The Greek merchant marine's efforts to improve the quality of some of its older ships is not purely altruistic. Greece joins the EEC at the start of next year and the Greek authorities are well aware that the EEC is drafting a directive on sub-standard ships which is designed to reduce the number of casualties around European waters.

Greek officials have already been involved in discussions on the directive and the powerful Union of Greek Shipowners has also made its views known to the EEC on certain sensitive areas.

The EEC, for example, had been planning to give pilots greater responsibility to say which ships can or cannot enter port. The Greeks want this responsibility watered down and are anxious to see that other clauses are not inserted which might damage the competitiveness of the Greek fleet. They want the regulation of the ship to lie with the flag State rather than the port State.

The Greek shipping authorities are well aware that once they belong to the EEC the Greek merchant navy will be the largest fleet within the Community and the EEC as a whole will control a third of the world's shipping. This will provide important political advantages. But it will also carry responsibilities, and improving the standard of Greek ships will be one of them.

William Hall

Crete keeps its identity

There is a land called Crete in the midst of the wine-dark sea — Homer, The Odyssey.

ON THE south side of the southernmost island in Europe a marble statue has just been completed. It is to the Dutchman who taught the Cretans how to grow cucumbers in the plastic-covered hot-houses which now line its shores on the Libyan Sea.

The Dutch farmers are none too pleased with their colleague; his work cut into their markets in West Germany. But with Crete this year exporting around 50,000 tonnes of cucumbers he is both a witness to the island's economic potential and something of a hero in an island whose people are in any case larger than life.

Their spirit of fierce mountain independence has seen them through centuries of foreign occupation. It has given them a disdain for Athens and authority of which the latest manifestation has been the descent this month of thousands of raisin growers in phalanxes of tractors to the cities to protest at a Government decision. It has left them with an identity apart from the rest of the country.

Rivalry

Yet it also leads to a rivalry among Crete's four provinces which can be as intense as the disputes once were between Italy's city States. Only recently, endless quarrels over the siting of a university ended with the faculties having to be shared out.

Today, moustachioed and tall, Cretan men will tell the visitor that their island will be "the greenhouse of Europe." There is a basis in fact for this exaggeration, which is very much in the island's tradition of creating more history than it can consume locally. But the island's past perhaps makes it inevitable that truth and fantasy should be woven together.

Zeus was born and brought up in one of Crete's caves. Odysseus was kept just off its shores by the nymph Calypso. The Minotaur pawed the ground of the labyrinth at Cnossos. That Princess Europa was the mother of King Minos, who gave his name to Europe's oldest civilisation, only serves to emphasise how, as Greece prepares to enter the Community which derives part of its name from the Princess, the wheel has gone full circle.

There are modern legends too. Some go back to World War II. The Battle of Crete in 1941 was one of the decisive struggles of that war. The Greeks and their allies may have lost the battle because of indecisive leadership, but they so massacred the Nazi's crack 7th Airborne Division that—or so the Cretans insist—Hitler's blitzkrieg on Moscow had to be delayed a fateful month and remained unfinished when winter fell.

The exploits against the German occupation forces were in the tradition of the raids on the Arabs, Venetians, and Ottomans who had earlier sought to set their stamp on the Cretans. And the most recent legend-cum-history is of the Cretan partisans who survived 34 years in the caves around the major U.S.-Greek naval base at Souda Bay.

As tourists swam off the nearby beaches, the partisans were systematically and vainly tracked and hunted by a whole generation of gendarmes. In 1949, at the end of the civil war, their band numbered 37. In 1974, when I visited them in the mountains, only two remained, each with a price of nearly £100,000 on his head. In 1975 they were finally given amnesty.

They have since written a book and travelled the world. One, Spiros Blazakis, now lives in Athens. The other, George Tzombaanakis, 60 years old and a tough 19 st, is saluted by Left and Right in his family village, where he is building a three-storey house and talks warmly of his exploits and of marrying.

In the Lancastrian era Cret Malmsey was drunk in England and today local industrialists tell the visitor that the 500,000 people on the island could feed 3m. The age-old staples of olive oil, wine and grapes have been joined by hot-house produce and vegetables. Besides cucumbers, tomatoes, aubergines, and green peppers are grown in ever-increasing quantities

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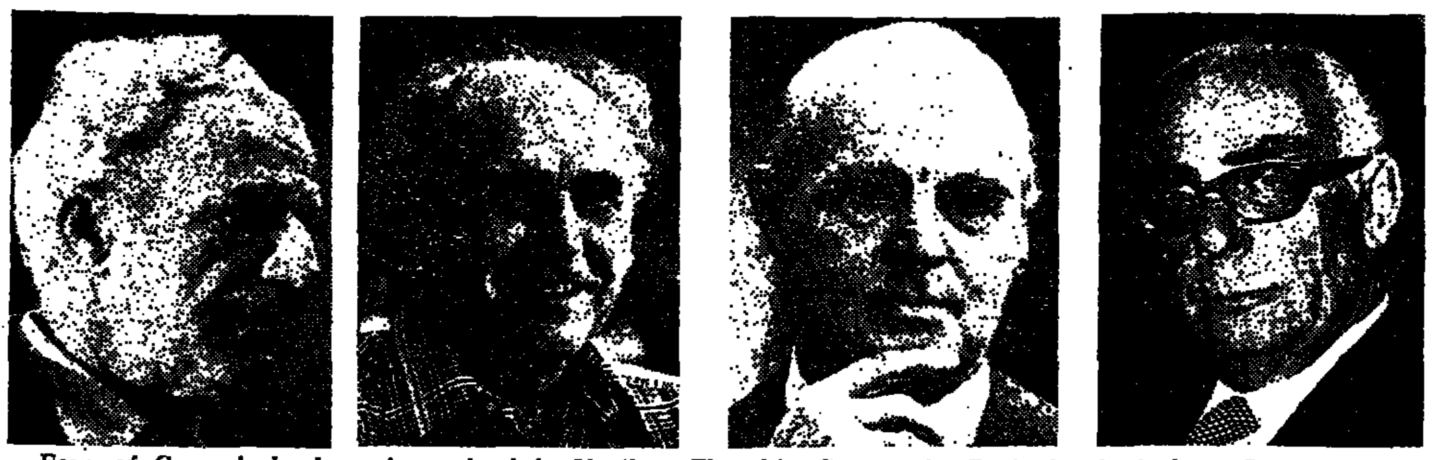
New generation beginning to emerge

N. J. Michaelson and David Tonge profile those who hold political power.



Four of Greece's leaders: from the left, Harilaos Florakis, Communist Party head; Andreas Papandreou, nationalist challenger; Constantine Karamanlis, now the country's President; and George Rallis, Prime Minister

ACROSS THE street from the Athens Archaeological Museum is an open-air theatre where, surrounded by bougainvillea and overshadowed by the encircling apartment buildings, Athenians have been able to see one of Mikis Theodorakis's most striking works. The *Song of a Dead Brother* is somewhat stilted as theatre, but its music has all the zest and melody of the composer at his best.

The story is a simple one, of two brothers on opposite sides in the civil wars of the 1940s, united only through their mother, the country itself. But what is striking is how that great divide of the civil wars still leaves its imprint today.

The final military defeat of the Left in 1949 was followed by long years of conservative supremacy which saw the emergence of many of those who rule Greece today. In the mid-1950s Mr. Constantine Karamanlis was Prime Minister, Mr. George Rallis Minister to the Prime Minister, and Mr. Evangelos Averoff-Tossitsas Foreign Minister. Today they are respectively President, Prime Minister and Minister of Defence. Professor Xenophon Zolotas was then, as he is now, Governor of the Bank of Greece.

The three politicians reflect the mixed roots of Greek politics. Mr. Rallis comes from a long, almost hereditary, line of politicians and has all the confidence of that lineage as well as being able, pragmatic and gruffly honest in a way respected by his opponents.

Mr. Averoff combines the background of the Greeks of the diaspora—who have been important in the modern Greek State ever since it hacked its way free from the body Ottoman—with that of the great trading families of Epirus. He is a more complex character, an author of note, a master of manoeuvre and negotiation, and an outspoken critic of the opposition.

This stand had won him strong support within the party and it was a major surprise that Mr. Rallis managed to beat him, by a whisker. The general feeling seemed that Mr. Rallis could better hold the new Democracy Party together and appeal to the centre vote on which the next election may depend.

Neither of these men ever had the public charisma of Mr. Karamanlis. The son of a school teacher who became a provincial lawyer, he was cast in a different mould. His popular appeal is in some ways in contrast to his own aloof and brusque character, his ability to accept only his own counsel and his willingness to appear but rarely in Parliament and never before the Press. But his stamp is indelibly on post-junta Greece as, less successfully, it is on the last years the conservatives were in power up to 1963.

He is now 73, Mr. Rallis 62, and Mr. Averoff 70. Just as these overtook their party elders in the mid-1950s, so a new generation is beginning to emerge today. Ministers like Mr. Ioannis Boutos (Co-ordination), Mr. Miltiadis Evert (Industry) and Mr. Stephanos Manos (Energy) represent both continuity and change.

Continuity

The continuity is that they are largely from the old ruling class—one is a son of the police chief of Athens during the Nazi occupation as another is the son of a Prime Minister during that period. The change is that many of the new generation are questioning whether the old system of dirigisme, rules and regulations is of any value, particularly in a country which is joining the EEC.

There is a caution about their radicalism as the system is the creation of the party whose heirs they are and of many of the men still at the top, such as Professor Zolotas, who is now 76.

The maverick in the Cabinet is Mr. Constantine Mitsotakis, the tall and unruffled grandson of Costis Mitsotakis, founder of Greece's Liberal Party and the man who launched Mr. Eleftherios Venizelos on his way to dominate Greek politics in the first third of this century. In the early 1960s he was the political enemy of his present colleagues but he has since moved to the Right.

Those who lost out in the civil war are less well represented in public life. But one evidence of the change in the past 30 years is that Mr. Harilaos Florakis, a Communist divisional commander in the civil war and long-time political prisoner, is now being invited to the graduation ceremonies of the schools of the gendarmerie officers who used to hunt down his men.

An avuncular figure of 66, he is largely unchallenged at the head of the Communist Party of Greece. This is one of the West European CPs closest to Moscow and has little truck with Eurocommunism. Its appeal to workers is strong and recently it had no problems in mobilising tens of thousands of workers to march on Parliament to protest at inflation, the sacking of workers for union activities and the killing by a factory bus of a member distributing leaflets.

The party's supporters include Mr. Yannis Ritsos, one of the country's great poets. Its relationship with Mr. Theodorakis has been uneven but is at present good.

The *Song of a Dead Brother* ends with a call for rock to join with rock and hand with hand, and for Greeks to unite round their "one tree, one root, one well." The work was written in 1960 and in many ways the call is now being heeded better than ever before. The divisions in Greek society are no longer fratricidal but equally there is no evidence of anything like the emergence of consensus politics.

The final and in many ways most crucial actor on the stage is a person who was put out of Greece during the civil war, Mr. Andreas Papandreou. He was a mercurial personality with a charisma which only Mr. Karamanlis can match.

His background is that of the establishment politician, and he has lived largely in the U.S. But his programme is a distillation of the fact that in so many areas of Greek society change is overdue.

In the past he has been the man the Greek ruling classes loved to hate. It is an image of which he is well aware and he makes clear today that he is determined to avoid a repeat of the clashes with the army and head of state which led to the fall from office of his father, Mr. George Papandreou, in 1965.

He is now closer to the threshold of power than at any time since the colonels' coup prevented the expected electoral victory of Papandreou in 1967. He too is not a consensus politician but if spice is to be added to Greek political life Mr. Papandreou would like it to be in measured doses.

Crete

CONTINUED FROM PREVIOUS PAGE

Bananas, sweet but dwarf, exist. The next commercial fruit could be the pineapple, while the Ministry of Agriculture is trying to boost the avocado. Already flowers are a major export: 10m carnations were air freighted to West Germany, Britain and Swizerland last year.

At present Crete is responsible for about 9 per cent of Greece's agricultural production. It is a proportion which is expected to rise. Mr. George Vlahakis, managing adviser of the island's largest factory, the flour mills at Khania, stresses the "tremendous possibilities" which the island's soil and climate provide. His own plant already exports to countries as far away as Vietnam.

He says that though there is talk of building a cement factory on the island the present main industries are those concerned with food processing. An industrial zone has been in operation at Iraklion since 1976, and Mr. Vlahakis, who is president of the Chamber of Commerce and Industry in Hania, calls for one to be established in his town too.

In the west of the island water is relatively abundant—and will become more so with the implementation of an irrigation scheme which backed by the European Investment Bank, would tap the subterranean water resources which build up each year as the snow melts off the White Mountains. These rise up to 8,000 feet and form part of the spine of the 160-mile long island.

Experiments

In the east the soil is some of the best in Greece but water is so scarce that Mr. Emmanuel Stratakis, the Deputy Prefect of Iraklion Province, forecasts that an acute shortage could develop in five years unless new sources are found.

"For us, water is as important as petrol," comments Mr. Nikos Parasiris of the Development Service of Crete. But he describes how experiments on tapping solar energy are underway on the island's south coast and that studies have now been started on exploiting the wind—as did the earlier Greeks who built around 10,000 small windmills on the plateau of Lasithi, east of Iraklion and just above that old seaplane halt, the Gulf of Mirabello.

Like most of Greece, Crete suffers from emptying and ageing mountain villages, and now the islanders hope that their new surge of development will attract back some of the 800,000 Cretans who have emigrated.

Politically the island has always been a law unto itself. After centuries of being traded between the Great Powers—and a brief period under the Arabs as one of the main slave markets of the Mediterranean—it was joined to the mainland in 1912. It has a strong republican tradition, came out firmly against the colonels' dictatorship, and is now one of the most vigorous seats of opposition to the Americans' military presence.

Yet, perhaps surprisingly, it remains the place where the old patronage system of politics survives better than anywhere else in Greece. Mr. Constantine Mitsotakis, Minister of Foreign Affairs, seems to have an almost impregnable base among the citizens of his home town of Khania. There, it is said, he has baptised or been best man on 2,000 occasions. The resulting network of personal loyalties is an impressive creation.

Crete was where the painter El Greco grew up and it retains a flourishing culture. This, combined with its extreme natural beauty and its warm welcome to the foreigner, makes it something of a mecca for tourists. It has suffered less than most of Greece from this year's problems of the tourist trade. The facilities, moreover, are by and large good, including regular Air-Bus connections with Athens.

So far, none of the changes of the past few years has affected the easy-going nature of the Cretans. But as the story of the cucumbers has shown, they are open to innovation. It is this, the islanders will say, which shows that once again they plan to make their mark in Europe.

David Tonge

EEC entry means gradual transition for agriculture

TWO SUCCESSIVE years of inflation running at around 15 per cent is not an enviable statistic for any country. But in the case of Greece it could have one beneficial spin-off, so far largely unremarked: a cushioning of any potential shock, both for the Greek consumer and the Brussels agricultural funds, of the country's accession to the EEC.

Inflation of this magnitude, following on five years in a row in the mainly upper teens, has narrowed the gap between Greek and Community farm incomes on the one hand and Greek and Community produce prices on the other. A couple of years ago, a European Commission estimate put the overall food price rise in Greece as a result of accession at 14 per cent. Now the Agricultural Bank of Greece is talking in terms closer to 4 per cent, and even that spread over a number of years.

Since the advantages to accrue to the farm sector from accession always stood to be rather less immediate than the effects on consumer prices in Greece, this dilution of the initially bitter draught could be useful politically if the next general elections in Greece should return a Socialist Government committed to holding a national referendum on the accession issue.

It should also take some of the steam out of arguments against accession likely to be aired during the actual election campaigning, while reinforcing a dawning appreciation that the overall effects of Greece's membership will be nowhere near so immediate or dramatic as some have feared, and others have hoped.

In fact, due in large part to the transitional arrangements, nothing much is going to happen on Greece's farms next January, or even next year. It will all be very gradual.

The accession agreement provides a general transitional period of five years covering most agricultural produce, with seven years for fresh and processed tomatoes and fresh and preserved peaches.

The transitional measures concern essentially the progressive elimination of residual customs duties and alignment of Greek prices with those of the Community. During the transitional period, the differences between prices of Greek and Community products will be compensated for by a system of accession compensation amounts, as in the case of the previous enlargement that brought in Britain, Ireland and Denmark.

Also, a special transitional compensatory mechanism has been agreed for certain fresh fruits and vegetables.

The Common Agricultural Policy (CAP) will start being applied to Greek agricultural products immediately after accession, but alignment of prices of Greek products to those of the Community will be completed gradually during the transitional periods, as will the grant of EEC income allotments to Greek farmers.

Deficiencies

One problem occupying Greek planners, not only in the agricultural sector but generally, is the degree to which this country will be in a position to absorb available EEC funding, in view of its structural and infrastructural deficiencies.

Before full advantage can be taken of what the CAP can offer the necessary institutional framework in Greece to handle Feoga and other funds must be established. This must cover the establishment of intervention organisations, introduction of a better accounting system on a farmer's level, harmonisation of Greece's subsidy system to that of the EEC, and the creation of a proper infrastructure that will provide effective quality control.

Not only must such a framework be established, it must be able to operate quickly and efficiently and to European standards. This is perhaps the critical factor since it has been noted, even at Ministerial level, that unless the proper framework can be established quickly, it may not be possible to draw from any EEC funds.

Doubts in this respect are compounded by a statistical muddle that is unlikely to be finally resolved until the results of the ten-year census, to be taken in 1981, are available. At present, the number and size of Greece's farms and the percentage of the workforce employed on the land are not only undetermined but the subject of dispute.

The latest estimates range from 19.02 per cent to the Government's present figure of not more than 28.8 per cent. There is similar imprecision over the number and size of Greece's farms. According to the 1971 census, Greece had 1,036,600 farms covering a total 3,586,300 hectares, of which the smallest 230,000 accounted for a mere 113,500 hectares. But many of these smaller farms—Mr. Xenophan Zolotas, Bank of Greece governor, says "virtually all" of them—may be in existence statistically but in fact are either abandoned or rented out.

While arguing that farm size alone is "not necessarily a secure indicator for comparisons between countries," since it takes insufficient account of the production mix and comparisons in economic terms, Professor Adamantios Pepelasis, Agricultural Bank governor, said recently that the small size of Greek farms and their frequent fragmentation into small parcels "is probably the most serious structural problem faced by Greek agriculture."

Policy measures designed to to encourage consolidation of scattered holdings and joint venture farming are admitted to have given disappointing results so far, but an increased momentum is expected to be provided by accession, if only because the bulk of the funding will go to the more efficient units.

Five other structural changes needed according to Professor Pepelasis are:

- A more efficient use of water resources, especially for fruit and vegetable production;
- Reduction of excess farm labour, in the framework of a regional development policy providing a satisfactory rate of absorption of surplus workers in the non-agricultural sector;
- More effective utilisation of pastureland and production of cheaper feedstuffs for the livestock sector;
- Stimulation of co-operative marketing as well as farming;
- A further expansion of applied agricultural research and agricultural education.

The greatest danger, Prof. Pepelasis said, would be faced by marginal farm holdings and the livestock sector.

The latter faced "serious and chronic" problems of production, distribution and marketing, "as a result of which the survival of certain branches will be endangered after accession." Abolishing the subsidies on feedstuffs would "almost completely extinguish any profit margin for cattle breeders," while an analogous situation would arise for fresh milk and dairy produce as a result of current low productivity, extensive subsidisation and protection against EEC imports.

Looking at the issue from the opposite direction, there is now general agreement that Greek production is complementary to Community agriculture rather than competitive. And even for the exceptions, for example peaches and tomatoes, the quantities involved are relatively minor.

N. J. Michaelson

LOMBARD

Newspeak with NWICO

BY MALCOLM RUTHERFORD

THE *MacBride Report* on NWICO has finally been published, though such are the ways of UNESCO that that is not to say that it is generally available.

At this stage, you might reasonably ask: Who is MacBride? What is he up to? What is NWICO? Or even: What is UNESCO? I shall tell you.

Mr. Sean MacBride is a former Irish Foreign Minister—winner of both the Nobel and Lenin Peace prizes—who has an extreme attachment to the Third World. NWICO is the *New World Information and* Communication Order. UNESCO is an agency of the United Nations which was set up in 1945 to deal with educational, scientific and cultural matters with the aim of promoting international peace and the common welfare of mankind. More recently, however, it has been seeking to extend its activities to include influencing, and perhaps even setting ground rules for, the world's media.

Belgrade

The commission of which Mr. MacBride *was president* was *set up by* the UNESCO director-general, Mr. Amadou-Mahtar M'Bow of Tunisia, in 1977 "to study the *totality of communications problems* in modern societies," which is another way of saying NWICO.

Its report is likely to form the basis of proposals to the next UNESCO General Con*ference by the director-general* in Belgrade in September. In all probability, Mr. M'Bow will ask for vastly more powers and vastly more money for his organisation.

The report wants "the democratisation of communciation at national and international levels." It believes that "profits or revenues should not be the primary aim" of post and telegraph authorities: the latter, it says, are "instruments for policy-making and planned development in the field of information and culture."

It proposes that preference should be given to non-commercial forms of mass communication. It demands that the influence of advertising upon editorial policy and broadcast programming should be reduced, though without saying *how this influence is supposed* to work. (There is an honourable footnote of dissent here from the American member of the commission.)

In the longer term, it would like to move to the establish*ment within the framework of* Unesco of an International Centre for the Study and Planning of Information and Communication; a sort of World Press Council with teeth. In sum, the report sees informa*tion as an instrument of state* power which should be handled under the guidance of an inflated Unesco.

In London the Foreign Office is in a dilemma about how to respond. It acknowledges that the report is gobbledygook, though gobbledygook is said to be the price you have to pay for international agreement.

It admits that most of the proposals are deeply repugnant to Western governments, not to speak of the Western media: *the campaign against advertis*ing, for instance, and it does not want to spend any more money—there is a proposal for "a major international research and development effort to increase the supply of paper," no doubt again under the auspices of that well-known cost-effective body, Unesco.

On the other hand, the Foreign Office does not want to go against international co-operation and what are said to be Third World aspirations. So *why not go to Belgrade*, give a little here and there, but generally try to tone down the more extreme proposals?

Diversity

Here is why not. The report is a nonsense. It confuses information with propaganda and clearly prefers the latter. In attacking the idea of profit-making media it is attacking the diversity of information and opinion that one would have thought a commission including at least some journalists would have sought to defend. There is a basic prejudice throughout the report against the market economy. The subject is in any case beyond Unesco's competence.

The price of going along with nonsense is yet more nonsense, for the Third World as much as for the rest of us. The Foreign Office should say so.

Korean sweatshops are fair competition

BUSINESS LEGISLATION

BY A. H. HERMANN, Legal Correspondent

THESE ARE bad times for the free traders, and worse may come. The old game of exporting unemployment is here again

The European Community, which has taken over responsibility for these matters, has some sort of machinery for *dealing with the classical* dumping of products. It is exceedingly slow in putting this machinery into operation, but at least it could do so in respect of industrialised countries with a free market economy where the export price of the dumped product may be compared with its domestic price or its production costs. This possibility exists quite clearly in the cases of the U.S. and Japan, which are *at the top of the EEC anti*-dumping list.

The problem becomes more difficult when dealing with state trading countries. There is a long list of products which these countries sell on western markets at prices with which western manufacturers cannot compete, ranging from Soviet motor cars and watches to Czech boots and East German furniture. The problem is more difficult because there is no *direct comparison between* the East European export price and the domestic price or cost price. The Communist countries use *different rates of foreign* exchange for different products, and even then only as a guideline. The optimum price which *it is the duty of the exporter* to achieve is simply the highest price he can obtain on a given market at a given time. If it is less than what he paid to the producer, the difference is made good from the state budget.

Products imported from developing countries are in quite a *different category* again. There is no question of exporting for less than the domestic price but very often there is no domestic market for the product either. There is rarely any subsidy which would allow *exporting under the cost price*. But these costs are very low because the workers' only choice is accepting a subsidence wage or starvation: while jobs are scarce and trade unions non-existent, they will work *under conditions and* health hazards totally unacceptable in a western industrial society.

The EEC's unbelievably complicated scheme of generalised preferences applies a sort of means test, so that even a com*petitive developing country* will be exempt from quotas if its per capita gross national product is particularly low and the least-developed countries can export to the EEC completely duty free, with no ceiling applied.

It is quite unrealistic to believe that the possibility of selling at western prices, without any deduction for duty, will *improve the lot of those em*ployed on plantations and the Far Eastern sweat-shops. On the contrary, if this sort of free trade was to be pursued on a large scale, it would result in either the dismantling of manufacturing capacities of the West, or a substantial worsening of working conditions in many industries.

An unsuccessful attempt was made recently to ward off such dangers with the help of the German Unfair Competition Act (UWG).* Company A, which produces and distributes in Germany products made of asbestos, particularly asbestos yarn and fabric for use in motor car clutches and brake linings, complained of unfair competi*tion from* Company B, which imports a part of its requirements from South Korea. The statutory health and safety measures which Company A is obliged to observe in Germany represent 20 per cent of its total production costs of asbestos yarn and materials.

By contrast, the manufacturers of the same products in South Korea are not obliged to take any of these precautions, and can offer their products in Germany at a price lower than *the production costs* of Company A and other German manufacturers. The market share of South Korean products, which amounted to 30.6 per cent in 1972, doubled by 1976, and has been increasing since. Company A went to court, accusing the importer, Company B, of unfair competition and misleading consumers.

Company A argued that the South Koreans' competitive advantage was achieved because of unethical treatment of their workers and a *disregard* for their health. It was, therefore, unfair competition in the meaning of Section I of the Unfair Competition Act.

To prove that the ethical concepts disregarded in South Korea were not a peculiarity of German legislation but accepted world-wide, Company A relied on the International Labour *Office* (ILO) Convention No. 139 of June 24 1974 for protection against carcinogenous materials and related occupational hazards. Germany passed legislation in 1977 to give effect to this convention.

Company A asked the courts to prohibit the sale of South Korean asbestos yarn and fabric in Germany and in West Berlin if produced with disregard to the health protection requirements imposed on manufacturers in Germany. Should the court not grant this application, the plaintiffs asked that it should at least order that these products must not be offered *for sale* without pointing out that they were produced under conditions endangering workers' health. They argued that failure to inform buyers of these circumstances was misleading them and in this way infringing Section 3 of the Act.

The action was dismissed by the Hanseatic Court of Ham*burg, as was the appeal to the* Hamburg Appeal Court. But the plaintiffs persevered and brought their case before the Federal Supreme Court (BGH). The Karlsruhe judges dismissed the appeal with less hesitation than I *think it* deserved. They reasoned that it was in the nature of competition that companies are put under pressure by others who can offer products at substantially cheaper prices. This could not be seen as an infringement of Section 1 of UWG. Moreover, no industrial health protection rules were infringed in the place where the products were made. South Korea was neither a member of the ILO nor had it acceded to the convention.

The BGH went even further than the Appeal Court in rejecting any possibility of taking into account "natural law" and stuck firmly to the positive law, very much in keeping with the German court's tradition. The point of disagreement concerned the view of the Appeal Court that the *general concepts* developed in western industrialised countries, and reflected in the ILO Convention could be taken as an expression of a natural right, common to all humanity. Such principles, said the BGH sternly, are transformed into law only by positive rules, that is by legislation or international agreements. That had not been achieved by the ILO Convention, which requires the adoption of safety measures only from those signatories who have ratified it. Only 15 out of more than 100 ILO members had done so, and these did not include Britain, Canada, France, Italy and the Soviet Union. It was therefore impossible to accept, said the BGH, that the convention reflected generally recognised ethical rules.

Concerned

The BGH confirmed the Appeal Court's view that the absence of information about the circumstances of production did not mislead the customers because they were interested only in the economic value of the products. Both courts agreed that, particularly in the case of products from developing countries, the conditions of employment of those who produce them were not of essential importance for the decision of the buyer.

That may be so, but whether *it should be* is a question which is getting bigger every day.

BGH, Karlsruhe. Case I ZR 76/78 Judgment May 9, 1980, unreported.

Top jockeys miss chances

RACING

BY DOMINIC WIGAN

SOME FAR from inspired riding by Britain's most experienced senior jockeys, Joe Mercer and Lester Piggott, was *one of the features of Satur*day's racing at Newbury.

The champion, Mercer, rode one of the poorest races I have seen by him on Main Reef, in the Geoffrey Freer Stakes, a race he should certainly have won; while Piggott gave Hard Fought little chance of posing *any sort of threat to Kampala* in the Hungerford an hour later.

Both Main Reef and Hard Fought were produced when their respective prizes were beyond recall. In the Geoffrey Freer both Mercer on Main Reef and Philip Waldron partnering Nicholas Bill found themselves with little room to deliver a challenge approaching the distance.

But whereas Waldron took his chance on the winner, when given half a chance Mercer dithered; and had to fall back to last place. By the time he had found a run on Mr. Joel's four-year-old, who had also been unlucky in running at Royal Ascot, the winner was beyond recall.

The general response to the announcement that Arlington Park is to stage the world's first million-dollar race for thoroughbreds in a year's time *has been predictably encourag*ing. For Joseph Joyce, Jnr., president of the Chicago racetrack, the August 29 race, the *Arlington Million*, is the "ultimate target for all world-class milers."

Robert Sangster, too, clearly believes that the race will be the highlight of the 1981 campaign. Racing best-known international owner breeder has this to say on the Chicago event: "The Arlington Million *will be the ultimate test of* world-class thoroughbreds over one-mile plus, with all the vital international significance for *bloodstock breeding and values* demonstrated by that distance.

"The substantial prize money *not only will stimulate* contenders from every major racing country in the world, but, most importantly, could provide the strongest possible incentive for sportsmen to keep middle-distance horses in training as four-year-olds to the benefit of all involved in the sport."

WINDSOR

2.45—Romouleur***
3.15—Westerpayne
3.45—My Gem*
5.15—Ski Lift**

TV/Radio

† Indicates programme in black and white

BBC 1

6.40-7.55 am Open University (Ultra high frequency only). 10.00 Noah and Nelly in Skylark. 10.05 Jackanory. 10.20 The All New Popeye Show. 10.40 Take Hart. 1.30 pm *Heads and Tails.* 1.45 News. 3.25 Home on Sunday. 4.13 Regional News for England (except London). 4.15 Play *School (as BBC-2 11.00 am).* 4.40 Lassie. 5.00 John Craven's Newsround. 5.05 Go With Noakes.

5.40 News.
5.55 Nationwide (London and South East only).
6.20 Kick Start.
6.55 *Ask The Family.*
7.20 Star Trek.
8.10 Panorama.
9.00 News.
9.25 The Monday Film: "Goodbye Columbus," starring Richard Benjamin and Ali MacGraw.
11.05 The Editors.
11.40 Weather; Regional News.

All Regions as BBC-1 except as follows:—

BBC Cymru/Wales—1.30-1.45 pm Tredwt. 5.55-6.20 Wales Today. 6.55 Newyddion. 7.05-7.20 Cartoons. 11.40 News and Weather for Wales.

Scotland—1.25-1.30 pm The Scottish News. 5.55-6.20 Reporting Scotland. 11.40 News and Weather for Scotland.

Northern Ireland—5.13-5.15 pm Northern Ireland News. 5.55-6.20 Scene Around Six. 11.40 News and Weather for Northern Ireland.

England—5.55-6.20 pm Look East (Norwich); *Look North* (Leeds, Newcastle); Look North-west (Manchester); Midlands Today (Birmingham); Points West (Bristol); South Today (Southampton); Spotlight South West (Plymouth).

BBC 2

6.40-7.55 am Open University.
11.00 Play School.
4.50 pm Open University.
6.55 Dallas.
7.40 Mid-Evening News including subtitles.
7.50 The Fan Phenomenon.
8.10 The Amazing Randi Magic Show.
9.00 Rhoda.
9.25 Brass Tacks: Nuclear Shelters—Where Do We All Stand?
10.15 Festival '80.
10.45 Newsnight.

LONDON

9.30 am Check It Out. 10.00 Wild, Wild World of Animals. 10.25 Mystery Island. 11.05 Little House On The Prairie. 11.55 Dick Tracy Cartoon. 12.00 Just So Stories. 12.10 am Rainbow. 12.30 Doctor! 1.00 News. 1.20 Thames News. 1.30 Crown Court. 2.00 Against The Wind. †2.30 Monday Matinee: "The Angry Silence," starring Richard Attenborough, Pier Angeli and Michael Craig. 4.15 The Sooty Show. 4.45 Clapperboard. 5.15 Mork and Mindy.

5.45 News.
6.00 Thames News.
6.35 Crossroads.
7.00 The Krypton Factor.
7.30 Coronation Street.
8.00 Grundy.
8.30 World In Action.
9.00 "Law And Order."
10.00 News....
10.30 "Law And Order" (continued).
12.15 am Close: Rudolp Walker reads a West Indian poem.

All IBA Regions as London except at the following times:

ANGLIA

10.00 am *Rocket Robin Hood.* 10.25 Friends of my Friends. 10.50 Redgauntlet. 11.20 World Worth Keeping. 11.45 Cartoon Time. 1.20 pm Anglia News. 2.00 About Britain. †2.30 Monday Film Matinee: "No Highway In The Sky," staring James Stewart and *Marlene Dietrich.* 5.15 University Challenge. 6.00 About Anglia. 6.30 Survival. 12.15 am Reflection.

ATV

10.20 am Sesame Street. 11.20 The Paper Lads. 11.45 Larry the Lamb in Toytown. 1.20 pm ATV Newsdesk. 2.00 About Britain. 2.30 The Best of Sellers: "*The Mouse That Roared.*" 4.05 The House That Jack Built. 5.15 Mr. and Mrs. 6.00 ATV Today. 12.15 am ATV Newsdesk. 12.20 Something Different.

BORDER

10.00 am About Turn. 10.25 How The West Was Won. 1.20 pm Border News. 2.00 About Britain. 2.30 Monday Matinee: "*Kenner.*" 5.15 Take *My Wife.* 6.00 Lookaround Monday. 6.15 Mr. and Mrs. 6.45 The Sound Of . . . 12.15 am Border News Summary.

CHANNEL

1.20 pm Channel Lunchtime News, What's On Where and Weather. 2.00 About Britain. †2.30 The Monday *Matinee: "Blowing Wild."* 5.15 *University Challenge.* 6.00 Channel News. 6.10 Cities . . . Glenn Gould's Toronto. 10.28 Channel Late News. 12.15 am News and Weather in French.

GRAMPIAN

9.25 am First Thing. 10.00 About Turn. 10.25 How the West Was Won. *1.20 pm North News.* 2.00 *About* Britain. 2.30 The Monday *Special:* "Art and Technology." 3.30 Survival. 4.00 Cartoon Time. 5.15 University Challenge. 6.00 North News. 6.10 *Bailey's Bird.* 6.30 *Devine Country.* 12.15 am Reflections. 12.20 North Headlines.

GRANADA

10.00 am The Beatles. 10.15 Wildlife in Crisis. 10.35 The Paper Lads. 11.00 Sesame Street. 1.20 pm Granada Reports. 2.00 About Britain. 2.30 *Monday Matinee: Anna Calder-Marshall* in "Wuthering Heights." 5.15 The Flintstones. 6.00 Granada Reports News. 6.05 Two Ladies of Todmorden. 12.15 am Superstar Profile.

HTV

10.00 am Beachcombers. 10.25 The Lost Islands. 10.50 Sesame Street. 11.50 Larry the Lamb in Toytown. 1.20 pm HTV News. 2.00 About Britain. 2.30 The Monday Matinee: "House of Secrets," starring Michael Craig. 5.15 Mr. and Mrs. 6.00 Report West.

HTV Cymru/Wales—As HTV West/HTV General Service except: 12.00-12.10 pm Trehetiau. 2.00-2.30 Hamdden. 4.45-5.15 Ser. 6.00 Y Dydd. 6.25-7.00 Report Wales.

SCOTTISH

10.00 am About Turn. 10.25 How The West Was Won. 1.20 pm News and Road and Weather. 2.00 About Britain. 2.30 Monday Matinee: "Tarzan's Three Challenges," starring Jock Mahoney. 5.15 Mr. and Mrs. 6.00 Scotland Todays News and Festival '80. 6.40 Crimedesk. 12.15 am Late Call.

SOUTHERN

10.00 am Survival Special. 10.50 Little House on the Prairie. 11.45 Larry the Lamb. 1.20 pm Southern News. 2.00 *Houseparty.* 2.25 *Fantasy Island.* 3.45 About Britain. 5.15 Survival. 6.00 Day by Day including Southsport.

TYNE TEES

9.20 am The Good Word followed by North-East News. 9.30 The Masterbuilders. 9.55 The New Ed Allen Show. 10.20 The White Stone. 10.45 Space 1999. 11.40 *Adventure Canada.* 1.20 pm North-East News and Lookaround. 2.00 About Britain. †2.30 Monday Matinee: "The Naked Truth," starring Terry Thomas and Peter Sellers. 5.15 Father, *Dear Father. 6.00 North-East News.* 6.02 Double Top. 6.30 Northern Life. 12.15 am Learning for a Living.

ULSTER

10.00 am About Turn. 10.25 The Lost Islands. 10.55 Sesame Street. 11.55 Cartoon Time. 1.20 pm Lunchtime. 2.30 Monday Matinee: "Double Bunk," starring Ian Carmichael and Janette Scott. 4.13 Ulster News Headlines. 5.15 Mr. and Mrs. 6.00 Ulster Television News. 6.15 Portrait of the Artist. 6.30 Happy Days. 12.15 am Bedtime.

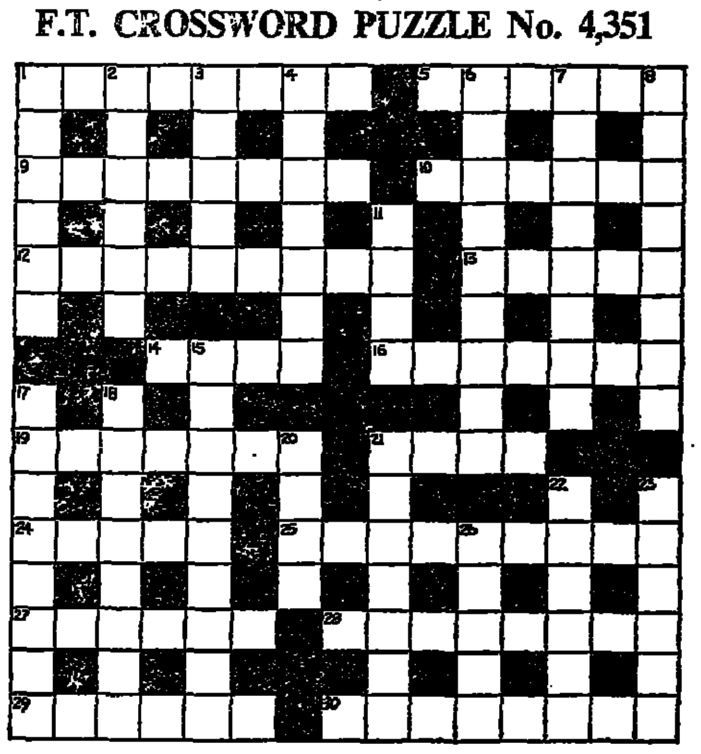
WESTWARD

10.00 am About Turn. †10.25 Feature Film: Abbott and Costello "In The Foreign Legion." 11.45 Larry The Lamb *In Toytown.* 1.20 pm *Westward News* Headlines. 2.00 About Britain. †2.30 The Monday Matinee: "Blowing Wild," starring Gary Cooper and Barbara Stanwyck. 4.12 Gus Honeybun's Birthdays. 5.15 University Challenge. 6.00 Westward Diary. 10.31 Westward Late News. 12.15 am Faith For Life. 12.20 West Country Weather and Shipping Forecast.

YORKSHIRE

10.00 am Wildlife—Wild, Wild World Of Animals. 10.25 Master Of The World. 11.10 Young Ramsay. 1.20 pm Calendar News. 2.00 About Britain. †2.30 Monday Matinee: "Double Bunk," starring Ian Carmichael and Janette Scott. 5.15 Mr. and Mrs. 6.00 Calen*dar (Emley Moor and Belmont editions).* 6.30 Calender Calling. 12.15 am George Hamilton IV.

F.T. CROSSWORD PUZZLE No. 4,351



ACROSS

1 Present betrayal (4, 4)
5 Proposition put to particular small relative (6)
9 Ground on which currency becomes outstanding feature (8)
10 Soldier returning to darkness heard fire (6)
12 Elected as soldiers? Not Frank (9)
13 Suitable card centre (5)
14 Small Welsh boy's platform (4)
16 Cultivation as far as maturity (7)
19 Bury Cockney chap in meantime (7)
21 Faces the bowling? Must be crazy (4)
24 Connection picked up after the match (2-3)
25 Winchester descendant of rogue (3, 2, 1, 3)
27 Play opening on battle (6)
28 Beat is pure outside (8)
29 Provoke previous mention (6)
30 Key to free club network (8)

DOWN

1 Girl left in charge of French (6)
2 Vehicle is hard to fade out (6)
3 Modern chap seeking promotion (5)
4 Stuffy tunes about the French (7)
6 Beast with definite chance to take everything (3, 3, 3)
7 Mistake abroad to leave unannounced (4, 4)
8 Bloomer makes Pete sew a disorderly tangle (5, 3)
11 Welcome fitting (4)
15 Origin of missile traced to starch producer (9)
17 Sue threw some light on one match attendance (8)
18 Lithe cat might become muscular (8)
20 Doctor has way with more than 50 per cent (4)
21 Inn manager on form (7)
22 More offensive position in rumpled rug (6)
23 Seen one after the other we hear by young doctor (6)
26 Fathead accustomed to being amalgamated (5)

The solution to last Saturday's prize puzzle will be published with names of winners next Saturday.

Radio Wavelengths

1	1053kHz/285m 1089kHz/275m	3	1215kHz/247m & 90-92.5vhf stereo	BBC Radio London: 1458kHz, 206m & 94.9vhf
2	693kHz/433m 909kHz/330m & 88-91vhf stereo	4	200kHz/1500m & 92.95vhf	Capital Radio: 1548kHz, 194m & 95.8vhf
				London Broadcasting: 1151kHz, 261m & 97.3vhf

RADIO 1

(S) Stereophonic broadcast

5.00 am As Radio 2. 7.00 Mike Read. 9.00 Simon Bates. 11.00 Andy Peebles with the Radio 1 Roadshow. 12.30 pm Newsbeat. 12.45 Paul Burnett. 2.00 Peter Powell. 4.31 Richard Skinner. 7.00 Stayin' Alive. 8.00 Chris Jones. 9.50 Newsbeat. 10.00 *John Peel (S).* 12.00-5.00 *am* As Radio 2.

RADIO 2

5.00 am News Summary. 5.03 Steve *Jones (S).* 7.32 *Ray Moore (S).* 10.03 Jimmy Young (S). 12.03 pm David Hamilton (S). 2.03 Ed Stewart's Request Show (S). 4.03 Much More Music (S). 8.02 Folk On 2 (S). 9.02 Humphrey Lyttelton with the Best of Jazz on records (S). 9.55 Sports Desk. 10.02 Free Spin. 10.30 Star Sound. 11.02 Brian Matthew with *Round Midnight at the Edinburgh* Festival, including 2.02-5.00 am You and the Night and the Music (S).

RADIO 3

‡6.55 am Weather. 7.00 News. 7.05 Overture (S). 8.00 News. 8.05 Morning Concert (S). 9.00 News. 9.05 This Week's Composer: Prokofiev. 11.00 Edinburgh International Festival song recital, part 1 (S). 11.40 Festival Comment. 11.55 Edinburgh Festival, part 2. 1.00 pm News. 1.05 BBC *Northern Symphony Orchestra (S).* 2.15 Kjell Baekkelund piano recital (S). 3.05 Mattinee Musicale (S). 4.05 New records (S). 4.55 News. 5.00 Mainly for Pleasure (S). (‡ and mono only from 6.20). 7.00 Proms concert, part 1: Nielsen, Sibelius (S). 7.50 Artic Maestro (talk). 8.10 Proms concert, part 2: Shostakovich, Tchaikovsky (S). *9.10 Theatre Street (autobiography of* Tamara Karsavina). 9.30 Proms: Choral concert from Holy Trinity Church, Brompton, London. 11.00 News. 11.05-11.15 Debussy (S).

VHF Only—Open University—6.00-7.00 am and 6.20-7.00 pm and for students in Radio Scotland and Radio Cymru areas only: 12.00-1.00 am

RADIO 4

6.00 am News Briefing. 6.10 Farming Week. 6.25 Shipping forecast. 6.30 Today, including 6.45 Prayer for *the Day. 7.00, 8.00 Today's News.* 7.30, 8.30 News headlines. 7.45 Thought for the Day. 8.35 The Week on 4. 8.45 Blasting and Bombardiering. 9.00 News. 9.05 Start the Week with Melvyn Bragg from the Edinburgh Festival. 10.00 News. 10.02 From Our Own Correspondent. 10.30 Daily Service (S). 10.45 Story Time. 11.00 News. 11.05 Motorway Manner. 11.50 Weigh-In. 12.00 News. 12.02 pm You and Yours. 12.27 Brain of Britain *1980 (S).* 12.55 *Weather; programme* news. 1.00 The World at One. 1.40 The Archers. 1.55 Shipping forecast. 2.00 News. 2.02 Woman's Hour. 3.00 News. 3.02 Listen With Mother. 3.15 Afternoon Theatre (S). 4.45 Short Story. 5.00 PM News magazine. 5.50 Shipping forecast. 5.55 Weather; programme news. 6.00 News. 6.30 *Rumpole (S).* 7.00 News. 7.05 The Archers. 7.20 Science Now. 7.45 The Shaw Festival: "Misalliance" by Bernard Shaw (S). 9.40 Kaleidoscope. 9.59 Weather. 10.00 The World Tonight. 10.30 The News Quiz (S). 11.00 A Book at Bedtime. 11.15 The Financial World Tonight. 11.30 Music at Night. 12.00 News.

BBC Radio London

5.00 am As Radio 2. 6.30 Rush Hour. 10.03 The Tony Blackburn Telephone *Programme.* 1.03 pm London Live. 4.30 London News Desk. 5.35 Music on the Move. 7.03 Black Londoners. 9.00-5.00 am Join Radio 2

London Broadcasting

6.00 am AM—Douglas Moffit and Alan King. 10.00 Brian Hayes. 12.00 LBC Reports. 8.00 pm After Eight *Special—Hugh Williams traces the* development of Britain's intelligence services. 9.00 Nightline. 12.00 LBC Reports Midnight. 1.00 am Night Extra. 3.30 LBC Cinema. 4.00 After Eight Sunday (repeat). 5.00 Morning Music.

Capital Radio

6.00 am Mike Smith's Breakfast Show (S). 9.00 Michael Aspel (S). 12.00 Graham Dene (S). 1.00 pm London Today (S). 1.10 Graham Dene (continued). 3.00 John Sachs (S). 7.00 London Tonight with Sarah Ward (S). 9.00 Alan "Fluff" *Freeman (S).* 11.00 Mike Allen's Late Show (S). 2.00 am Duncan Johnson's Night Flight (S).

ENTERTAINMENT GUIDE

OPERA & BALLET

THEATRES

CINEMAS

WINDMILL. CC. 01-437 6312. Twice nightly at 8.00 and 10.00. Suns. 6.00 and 8.00. Paul Raymond presents RIP OFF. Hotter than ever for 1980. The erotic experience of the modern era. Fifth great year.

WYNDHAM'S. Air cond. S. 01-836 3028. CC bkgs 379 6565. Evgs 8.00. Fri. and Sat 6.00 and 8.40. Dario Fo's farce ACCIDENTAL DEATH OF AN ANARCHIST.

YOUNG VIC. 928 6363. Eves 7.30. Ton't. Thur, Fri. Tom Stoppard's REAL INSPECTOR HOUND/AFTER MAGRITTE. Tom. Wed. Sat. ROSENCRANTZ AND GUILDENSTERN ARE DEAD. All seats £2.

ART GALLERIES

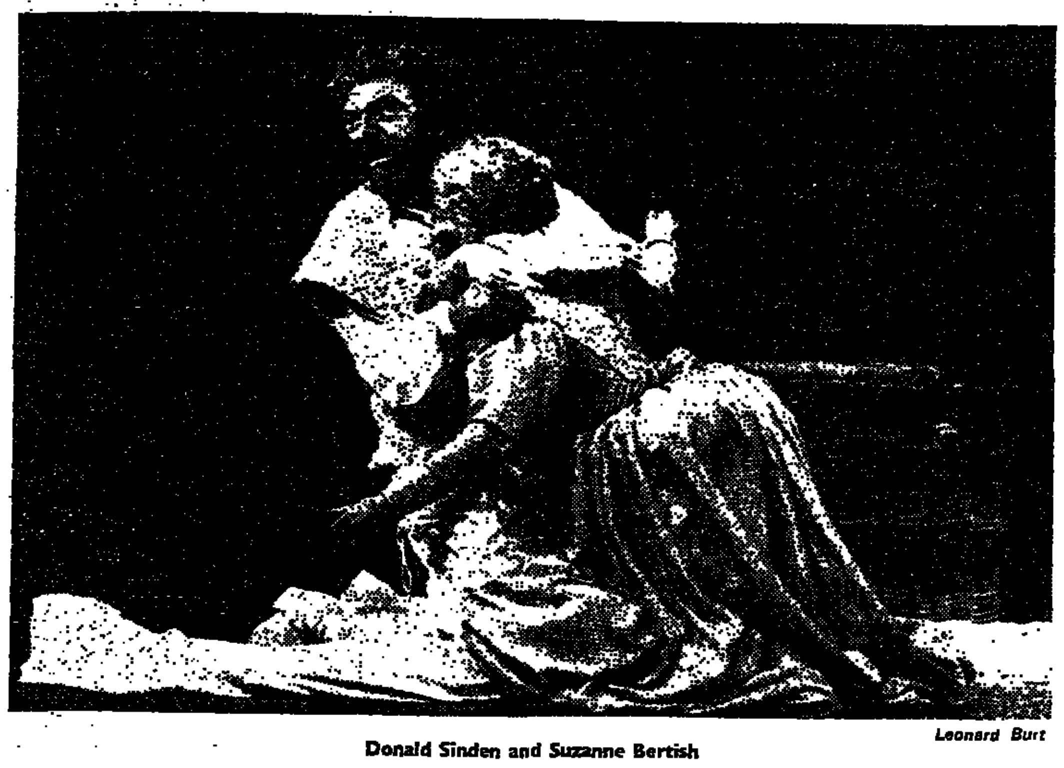
MATHAF GALLERY, 24, Motcomb Street, London, SW1. 235 0010. Exhibition of Contemporary paintings of Kuwait Oman and Saudi Arabia.

CLUBS

EVE has outlived the others because of a policy of fair play and value for money. Supper from 10-3.30 am. Disco and top musicians, glamorous hostesses, exciting floorshows. 189, Regent St. 734 0557.

GARGOYLE, 69, Dean Street, London, W1. NEW STRIPTEASE FLOORSHOW "CLOSE ENCOUNTERS." 11-2.30 am. Shows at Midnight and 1 am. Mon.-Fri. Closed Saturdays. 01-437 6455.

THE ARTS



Donald Sinden and Suzanne Bertish — Leonard Burt

Aldwych

Othello by B. A. YOUNG

As often happens, the RSC's *Othello* has improved on its journey from Stratford to London. In particular, Donald Sinden's Moor has changed almost fundamentally, both in appearance and in speech. He is now a convincing African, adopting the manners of the Venetians perfectly when he can, but relapsing into savagery when his emotions are too much for him. There is no special characteristic in his voice, apart from an emphasis on the letter "r"; when he is in the company of Venetians, he is a Venetian.

Only later does he relinquish the veneer of civilisation, and it shows then not only in the voice but in his attitudes—less erect, less derived from the behaviour of his adopted colleagues, but guarded, as if ready at a moment's notice for violent action. The lapses in speech that precede his epilepsy, not at all easy to handle, are most convincingly done: the epilepsy too.

Desdemona is almost as malleable a part as Hamlet, on one side "our general's general," on the other the irresponsible Venetian girl who runs away with an alien without warning her father. Suzanne Bertish opts for the irresponsibility of youth, playing the part as if she were hardly out of her teens, and so the more bewildered by the dreadful events that confront her. I saw it suggested lately that Desdemona is still a virgin, that when she asks "Lay on my bed my wedding sheets" she is preparing for consummation, not death; and this would be consistent with Miss Bertish's moving performance.

Neither Bob Peck's Iago nor Gareth Thomas's Cassio is altogether conventional. This Iago is a junior officer rather than a senior warrant-officer, and for once he looks, and acts, as if he were the 28-year-old we are told he is. His infamous behaviour, both to Roderigo (John McEnery) and to Othello, is coldly unemotional, as if he were a boy pulling the wings off flies to amuse himself. Cassio, on the other hand, is a mature officer who would be a natural choice to succeed the succesful general as Governor of Cyprus.

Both parts are very well played; indeed the acting is admirable from top to bottom. The production, directed by Ronald Eyre and designed by Pamela Howard, has that poverty-stricken look that is now *de rigueur* at Stratford, with little scenery but movable screens, distant descendants of Gordon Craig; but it is full of ingenious ideas. The interval comes in the middle of Act 3, Scene 3, when Desdemona drops the handkerchief with which she tends her husband: this makes it possible for Othello credibly to have been to supper before he re-enters. There is too a heart-rending scene where Othello, determined to find proof of Desdemona's disloyalty, goes through the laundry looking for stains—or perhaps blood?—on the sheets.

The verse-speaking throughout is exemplary; I do not know when I have ever heard better from this company.

Elizabeth Hall

The Soldier's Tale by NICHOLAS KENYON

From music to music-theatre is a small step, but it represents a giant leap for South Bank Summer Music, a concert series which has traditionally relied upon events which can be put together by a group of friends on minimal rehearsal. This weekend, however, there have been three performances of *The Soldier's Tale*, staged by Michael Kustow, who has also made a new English version of the text. On Friday night the hall was packed—unsurprisingly since the participants included Claire Bloom, Wayne Sleep, Simon Callow and Maina Gielgud.

Kustow chose to make the show a post-World War I *divertissement*. Miss Gielgud pouted as a Diaghilev-inspired princess; Mr. Sleep strutted and fretted like a raw recruit in silent film; while Mr. Callow, the hit of the evening, reincarnated his devilish self in a variety of national disguises, most successfully as a red-smeared cross between Monostatos and an angry gorilla. Only Claire Bloom, drably dressed, maintained some decorum: she strode purposefully across the stage during her narration and declaimed clearly, but for some reason retired back to the instrumental ensemble when she had to speak over them and—in spite of her voice being miked—was drowned.

Mr. Sleep was the weak point of the Kustow reinterpretation: he danced and mimed powerfully, but when he spoke he delivered the bald English lines like "What am I going to do now?" with all the helpless petulance of a Michael Crawford. There seemed little battle for his soul—I would have sold mine to Simon Callow at any point. The timeless struggle of not be what you once were and what you are today"—emerged as the central theme in the soldier's tussle to take his newfound fortune and his princess back to his homeland. But Mr. Kustow's lively attempt to point the story's relevance to Stravinsky's own life was not effective—I would have preferred a simpler, tighter staging that reflected the miraculous economy of the music.

That music was realised with crisp, agile rhythms yet also with full tone and instinctively subtle phrasing by a first-rate ensemble of seven led by Pinchas Zukerman and directed by Sylvain Cambreling. Before the interval, a different ensemble of six provided a perfectly contrasting complement to the wind-based sound of the Stravinsky with Schoenberg's *Verklärte Nacht*: first violinist Michael Tree was outstanding. As on every occasion I have seen a semi-staged work in the Elizabeth Hall, the lighting was directed with an amateurish incompetence which must surely have made Mr. Kustow and his players long for the sophisticated theatres next door. Why, indeed, wasn't *The Soldier's Tale* done in the Cottesloe?

'Chicago' midnight benefit in aid of Equity fund

Larry Parnes, the producer of the musical *Chicago* has announced a midnight gala performance of the show at the Cambridge Theatre on September 2. This charity performance, in aid of Equity's Theatre Emergency Fund, forms part of the agreement reached between Parnes and Equity's general secretary, Peter Plouviez last month, when the union invested several thousand pounds in the show to prevent its closure.

On September 2 Larry Parnes will donate the theatre and the services of theatre staff. The cast is also donating its services without charge.

Architecture

Preserving our heritage by COLIN AMERY

It is not often realised that our heritage—country houses, parks, villages and archaeological sites—are endangered by the presence of too many visitors. It is a well-known fact that we often kill the things we love and at this time of the year you can take a visit to a popular "stately home" and witness the effects of too many visitors.

The National Trust publishes an annual league table of numbers of visitors to their properties and a house like Chartwell in Kent (not a large property) survives the onslaught of more than 150,000 every year. Sissinghurst garden, also in Kent, somehow accommodates over 115,000 garden enthusiasts wandering along the narrow paths. Erdigg in Clwyd, which is not exactly on the beaten track, had 76,000 people passing through upstairs and downstairs to see a vanished way of life. Many houses still privately owned have more than 100,000 *callers* during the season, which is usually at its busiest during July, August and September.

It is probably an exaggeration to say that these visitors are killing the houses—in fact it is their interest and their money that is helping to keep so many places alive. But, and it is a serious but, the very subtle atmosphere of the English country house can be easily damaged. Sometimes the work of preservationists themselves kills the atmosphere of a house. Too many houses have been expensively decorated by skilled and professional decorators who have unwittingly damaged the spirit of the place. Gardens too can lose so much by the wrong kind of planting and their atmosphere is rapidly destroyed by an enthusiasm for tidiness and order. I recently saw the knot gardens at Hampton Court for the first time for many years, and it is hard to imagine a more garish and dubious "Tudor" planting scheme.

The National Trust is becoming more and more conscious of its responsibility to protect and maintain the atmosphere of peace and tranquility that is one of the great benefits to be derived from a visit to a country house. One house which the Trust has recently acquired is Dunham Massey on Manchester's doorstep. The house was given to the Trust by the last Earl of Stamford who had lived there in solitude for much of his life.

Dunham Massey will be a test for the Trust: can its extraordinarily untouched quality survive unscathed? The Trust has taken several important steps to safeguard the house and the magnificent park. After lengthy negotiation a car park has been built away from the front of the house and a special by-pass for the village of Dunham Town has been constructed. These two expensive steps have ensured that the formal design of the early 18th century park can be preserved.

The house is a mixture of large grand rooms and intimate ones like the Stone Parlour and the Library. It has been decided that the small rooms, which would be ruined by the tramp of a thousand feet, will only be shown on limited occasions during each week. The kitchen wing will be shown to visitors which will allow a timed admission system to operate with some people seeing the servants' quarters while waiting to see the main house.

We, as members of the public, may well have to accept that the long term preservation of our heritage could mean limited hours of visiting and sometimes less public access. It is a sacrifice worth making and one that will help us to value our country houses in particular above the general run of tourist "attractions."

Dunham Massey is situafed three miles south west of Altrincham and is at present open only to parties. Details from the West Midlands Regional Office of the National Trust, Attingham Park, Shrewsbury, SY4 4TP.

Dunham Massey house near Altrincham, Cheshire, which is being prepared for opening to the public by the National Trust

Warehouse

Baal by B. A. YOUNG

David Jones's production is a model for small theatres. The mosaic of 22 short scenes, with their 50-odd characters, has been crammed into the unhelpful restrictions of the Warehouse with the decor confined to one wall—a decorated canvas screen by Ralph Koltai whose dreamlike details give way to exquisitely sentimental projections of outdoor scenes—and a company of no more than 16.

Baal, Brecht's repellent hero, is admirably played by Ben Kingsley. He looks too old (Baal is a projection of the 20-year-old author to a great extent) and too skinny ("you fat lump," says Mjurk; "you over-eat, Baal," says Ekart, "you'll burst"), and there my reservations end. Mr. Kingsley ranges the catalogue of seductions—mistress, friend, virgin, couple, comrade—with a bland lack of emotion, not even satisfaction. He sings the songs, to which he has put his own music, accompanying himself on the guitar as adroitly as any cabaret singer. He crawls out to his squalid death at the end as if the next world were no more to him than the next bar.

There's less scope for acting in the other parts; they're background figures to fill out the self-contained scenes that Brecht lays side by side, like letters on a Scrabble board, to spell out his conclusion, and once briefly used, they are dismissed. Their short lives can be vivid, all the same. Julie Peasgood as 17-year-old Johanna is ravishing, and duly ravished; Jane Downs is a study in venal dignity; Emma Williams puts on a coarse pathos as Sophie; Lila Kaye's landlady, later her beggar-woman in the asylum, are piquant. Timothy Spall, Patrick Godfrey, Timothy Knightly, and the rest turn in instant characters as sharp as knives.

I just wish I could find more in the play. It was a *pièce d'occasion*, sketched in 1918 as a mockery of the expressionist excesses of a current drama. I don't know how bad Hanns Johst's *Der Einsame* was. But when Brecht produces a series of short, two-dimensional scenes to show us a man without emotions at all, drinking and copulating his way through life, discarding the poetic gift we are told he has (but are never shown), has he not produced excesses of his own equally liable to mockery? Detached from its original context, has *Baal* any real significance?

It is a typical young man's play, full of references to Brecht's own life-style. A contemporary critic wrote of the "unparalleled creative force of the language"; if that force largely passes me by, it may be due to the inadequacy of Peter Tegel's translation, used at the Warehouse and in the Methuen edition of the collected plays, which sounds and reads to me as if it were done by a German.

After a production in Leipzig in 1923 which fell foul of the censor, *Baal* went unplayed for 40 years, though Brecht nurtured it all his life. Brecht having become a demigod, the play has become current again. We may be grateful that it provides an opportunity for a performance like Ben Kingsley's at the Warehouse, but if it were put away for another 40 years I don't think the stage would be much poorer.

Jane Downs and Ben Kingsley — Leonard Burt

Albert Hall/Radio 3

Nielsen and Strauss

Nielsen discovered the organ only very late in his life, wrote for it a set of 29 tiny preludes and a single, quite unexpected masterpiece. But even now, when the most massive pieces of Liszt and Reger are accommodated comfortably, *Commotio* is still a rarity in organ recitals. On Friday, for the Promenade Concerts' annual airing of the Albert Hall organ, Gillian Weir played what was Nielsen's last large scale work, favouring romantic resonance at the expense of clarity, but nevertheless presenting a clear idea of its scale and unshakeable confidence.

The lover of Nielsen's symphonies would find in *Commotio* a familiar progression from conflict to serene resolution, but also miss some fibre in the contrapuntal lines. Miss Weir could have given the themes more muscularity, but the decoration itself is self-consciously baroque, as if in coming fresh to the instrument Nielsen was slightly overawad by Bach's (and Buxtehude's) example. But there are still trade marks to be found: themes have a habit of oscillating around major and minor thirds, key contrasts are bold and dynamic, and the plan—essentially a pair of fugues prefaced by fantasias—is ambitious and confidently sustained. After the sixth symphony and the clarinet concerto it was a brave display of optimism to come from the ailing composer.

The BBC Symphony Orchestra conducted by Norman Del Mar took over for the second half of the evening, contrasting Nielsen's heroic objectivity with Richard Strauss' more dubious self-indulgence. Mr. Del Mar made *Ein Heldenleben* a rather monochrome celebration with efficient rather than inspired orchestral playing, but gave Maurice Bourgue a firm platform for a glorious account of the oboe concerto. The first movement was brought preciously close to affectation at times, the tempo unusually slow and every phrase most immaculately turned, but the slow movement displayed Mr. Bourgue at his finest, giving the line every opportunity to breathe yet the soloist seeming to dispense with breathing himself. ANDREW CLEMENTS

Festival Hall

Giselle by CLEMENT CRISP

I am not persuaded that the Festival Hall's stage suits *Giselle*.

Its lack of depth, its forward-projecting effect on dancing, means that the Romantic illusion needed for the ballet is weakened, especially in the bright day-light of Act 1. Mary Skeaping's production is careful in judging the dramatic values of the piece, the moonlit terrors of the forest scene particularly well managed, but on Friday night—when Manola Asensio and Jonathan Kelly led the performance—the emotional energies of the old ballet were muted.

Asensio is an assured technician, her style strong in its bold extensions; yet for Giselle there must be a sense of fantasy, as well as an inevitability about the peasant girl's progress through deception, madness and death to become the protective phantom of Act 2, which was lacking. Her Giselle, like Kelly's Albrecht, was sincere, dutiful in statement; there are morbid, poetically hectic aspects of these characters which have still to be stressed: without them *Giselle* remains a glance back into balletic history rather than a compelling theatrical experience.

Yet despite the limitations of the stage and the relative inexperience of the two central interpretations, the second act had a suitably haunted air on Friday, thanks to sensitive lighting of David Walker's forest setting and to the darting entries of the Wilis, pretty in their romantic poses and properly implacable in dealing with their victims.

Giselle will continue to hold its public, and its place in our affections, when produced with the care that Mary Skeaping has manifested in this staging.

San Quentin Drama Workshop moves to West End

Following its success at the Young Vic, the San Quentin Drama Workshop has moved to the Arts Theatre with *Krapp's Last Tape* and *Endgame*, written and directed by Samuel Beckett, until August 24 (Tuesdays-Sundays 7.30 pm).

Arts Council appointment

Mr. Norman St. John-Stevas, Minister for the Arts, has announced the appointment of Professor John Russell Brown to the Arts Council of Great Britain.

TENNIS BY JOHN BARRETT

British disease on the courts

TODAY IN Central Park, New York begins an ambitious under-21 competition for national tennis teams. The Chiquita Cup brings together 16 of the best tennis-playing nations in the world, each team consisting of two boys and two girls whose combined points will decide the final placings.

Great Britain will be represented by Jeremy Bates of Surrey, 18, and Keith Gilbert of Bucks, 18, in the boys' section and Anthea Cooper of Kent, 20, and Amanda Brown of Norfolk, 15.

Paul Hutchins, the national team manager, and Sue Mappin, the women's administrator, are the two captains and they have no illusions about the difficulty of the tasks facing them. The plain facts are that Great Britain's standing in the game has fallen considerably in recent years mainly because the rest of the world has better facilities and schemes for development among their young players than we do in Britain.

In the recent European youth championships, for example, Britain finished in eighth place, far behind the winning Swedes, who, doubtless inspired by the success of Bjorn Borg, are sweeping all before them at junior level. Which is not to say they will produce another Borg, but certainly their international standard in the foreseeable future will be hard for any other nation to match.

It is sensible that Hutchins has selected our two best junior prospects for the Chiquita Cup, though there are older players who are still eligible. However, I doubt whether Michael Appleton or past junior champion Harvey Becker or the tall Sussex boy, Jeremy Dier, would achieve much more than Bates and Gilbert are likely to.

The fact that Dier is about 400th on the ATP world computer ranking while the best young Swedes under 21 stand above 100 put the matter in perspective. Bates, though, disappointed again on Saturday when he lost his national under-21 championship final to Nick Brown of Cheshire after leading 4-1 in the final set. Unquestionably talented, Bates still has to learn the difficult art of winning matches.

The choice of Miss Cooper to replace Kate Brasher, a late withdrawal, is sensible, for she is probably the best of her age group in the country—though once again, when she is compared with her contemporaries and much younger rivals in America like Tracy Austin and Andrea Jaeger, the gulf is enormous.

Further evidence of our decline in youth tennis can be found in the European cup competitions. A few years ago we were winning the Galea Cup for the 20 and under group, but this year we lost in the qualifying rounds. Even the Annie Soisbault Cup, in which we had enjoyed a long string of successes, was lost once our number one player, Jo Durie, was forced to withdraw through injury. Incidentally, this promising young player has spent the last four weeks under traction and her future must be in doubt.

Britain did not reach the finals of any of the age cups in Europe, and from the evidence of what talent we have to develop, there is little prospect of us doing so in the immediate future.

Why then are we in such sorry decline? Hutchins' opinion echoes the thought expressed by Tony Mottram and Shirley Brasher last week. "British juniors are not prepared to work hard enough or to make the necessary sacrifices to compete on level terms with their rivals in other countries," said Hutchins.

"When I offered to meet any of the 192 players who took part in the junior grass championships at Eastbourne recently to offer help and advice to any wanting to follow a professional career, only about 18 players attended, and altogether with parents included, there were about 45 present. From talking to other coaches, it seems the same reluctance to full commitment affects other British sportsmen. It seems that we must overcome this British disease before we do anything else."

And yet in the lower age groups there seems a tremendous enthusiasm and ambition. A visit yesterday to Hull with the BP International Tennis Fellowship coaching team of Roger Taylor, John Paish and Tony Lloyd was a rewarding experience. Following a run through the fundamentals of the game with 60 beginners in the morning, we put through their paces in the afternoon six of the fellowship's most successful members.

CRICKET BY TREVOR BAILEY

Rain and pace decide the series

THE WEST INDIES, who were less formidable than expected, beat England 1—0 in a series which failed to come up to expectations, mainly because of the weather which interfered with every test and largely ruined four.

It was, therefore, somewhat ironic that the football season should commence in the warm sunshine absent from most of the summer.

The relentless pace barrage from four fast bowlers usually proved too much for the English batting line up, despite the authority displayed against it by Gooch and Rose.

The West Indies depended even more than usual on the genius of Richards, because though Haynes played splendidly, Greenidge and Kallicharran were well below their best. Bacchus promised more than he produced and Clive Lloyd was injured for much of the time. As a result, they did not score as heavily as expected.

England in fact would almost certainly have won what turned out to be the decisive first encounter at Trent Bridge, if Hendrick had not broken down and Botham had been fully fit. But there can be no doubt that the tourists, who were robbed by rain on several occasions and suffered an abnormal number of injuries, were the better side.

Our selectors experimented widely, is not always wisely, and are continuing to do so in the one-day internationals against the Australians which precede the centenary test at the end of the month.

The big disappointment is that they have learnt little that was not already known, but there is no disguising the shortage of class available to them. However, they can claim one find and two confirmations.

Brian Rose admirably demonstrated that he is a good player of fast bowling and possesses more attacking strokes than many imagined.

From a relaxed stance, he moved economically into line, with the result that he had far more time, and fewer problems with the bouncer, than most of his colleagues.

Dilley confirmed that he is the fastest and most promising of our young pace men, while Gooch, as well as establishing himself as a stroke-maker of international class, has developed into a most useful fourth seamer who swings the ball.

There are four interesting new faces in the Prudential squad: Alan Butcher, Bill Athey, Robin Jackman and Roland Butcher. Alan Butcher and Athey are both young, players in form, who along with several others are challenging for a place in our batting line up against the West Indies this winter. Jackman is an experienced seam bowler, the leading wicket-taker in the country and enjoying something of an Indian summer.

A good case could have been made for including him at Headingley on a pitch which would have suited him, and in a match which England had to win; but to bring him into these limited-over games with little significance, and to leave out Stevenson, surprisingly picked in the 12 for the last test, does seem rather odd.

The most intriguing selection is that of Roland Butcher who, born in Barbados, came to this country as a teenager, and subsequently returned to play for that small island.

As an exciting, if somewhat unreliable, strokemaker he has played a couple of spectacular innings for Middlesex this summer, but his lack of consistency has meant that it has taken him a long time to establish a regular place in his county team.

Although he is a potential matchwinner in a limited-over game, one cannot help feeling there are several home-born players with better claims than Butcher, who qualifies by residence for England and is eligible, though unlikely to be chosen, for the West Indies.

If the selectors wanted to include an overseas player in our national 11, surely Mendis would have been the most obvious choice.

The novelty of cricket under the floodlights of Stamford Bridge predictably attracted a large crowd, who enjoyed the well staged entertainment provided by the West Indies and Essex.

The £40,000 gate receipts must have been noted by other football clubs, most of whom have unhealthy overdrafts, and I expect more matches to be staged on football grounds in the future.

Although the size of the boundaries makes serious cricket an impossibility, this will not unduly worry administrators, as long as a sponsor smiles, TV sets are switched on, the novelty persists and the money keeps coming in.

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Warning from the South

THE WORLD BANK'S latest development report confirms the increasingly parlous state of the international economy. One year ago the bank found it necessary to reduce its previous forecasts of growth in the 1980s by 0.5 per cent. This year it has brought them down by a further one per cent.

The outlook for growth "is a cause for deep concern," according to Mr. Robert McNamara, President of the World Bank. This is all the more so because the avoidance of yet further falls in growth may depend on the industrialised countries adopting policies on trade and aid contrary to some present trends.

The report warns that adjusting to the latest increases in oil prices is liable to prove far harder than in 1973-74. The surpluses of oil-exporting countries could stay at a high level for longer. The prospects for an increase in aid and in bank financing to developing countries are less promising. Oil-importing countries in the south have higher debts and lower growth than seven years ago. The industralised North faces stagnation and inflation which, if now being contained, is still serious.

Interdependence

The Brandt Commission's report on North-South issues stressed that if developing countries had cut their imports of manufactured goods to adjust to the increased oil prices of 1973-74, there would have been 3m more unemployed in the OECD countries. The bank's World Development Report brings out the extent to which the international banks have a direct interest in the economic health of the Third World, if only because they are over extended.

Next week a further round of the North-South "dialogue" is to start in New York when a special session of the UN General Assembly meets to discuss the world economy. The World Bank is submitting its development report and a paper on energy in developing countries to this session as its contributions to the debate. The session was initially intended to have ushered in the UN's Third Development Decade, 1980-90. Some oil producers, aprehensive of increasing hostility in developing countries to rising oil prices, have succeeded in turning it into an occasion for further negotiations between North and South.

In the past five years the main concrete result of these negotiations has been the establishment of a still-untested fund to stabilise commodity prices. The developing nations had hoped, with OPEC's help, to achieve a massive transfer of resources from the North. But their demands have struck the industrialised countries as rhetorical and extreme, a reaction which the South has regarded as obstructive.

The bitterness and frustration has emerged yet again in the attempts to prepare for next week's special session. The two sides have long been at loggerheads over the agenda. The odds are that the outcome of the session will be another inconclusive wrangle. The present format of the North-South dialogue, massive international meetings, has not been a success and there are hopes that a limited summit of 20-25 countries may be more productive. This was one proposal of the Brandt Commission and Britain's recent qualified support for the suggestion is to be welcomed. But there are clear limits to summitry, and more immediate alternatives need to be considered.

The Brandt Report set out to add the "common interest of mankind" to the moral arguments for helping deal with the poverty of many developing countries. The World Bank's report follows part of the same road, but analyses in detail future economic prospects. It fails to give the figures of the implications of the low-growth projection which it warns may be likely to occur.

Self-reliance

The South must understand that the industrialised countries insist on curbing inflation before a major change can be expected in their policies. It must also look to increasing its self-reliance—a theme which will be dealt with in next year's development report of the World Bank.

But for the North the message is clear. Tackling trade deficits should be done, as Chancellor Schmidt said last week, with the problems of the developing world in mind. Recycling is not an abstract concept, but a vital process into which OPEC must be drawn.

Thinking again about Europe

THE BRUSSELS agreement on the British contribution to the Community budget at the end of May gave the Government some respite in its efforts to put membership of the Common Market on a satisfactory basis. But, except in the short term, it did not automatically solve anything. The real negotiations over the future pattern of Community spending and the effects of enlargement are still to come.

Dynamic

Until last week it seemed the Government was content to sit back and wait to deal with these problems as they arose. At the very least, it was not going to exert itself about Europe in public. Two Ministers, however, have now given evidence that a certain amount of thinking is going on. Mr. Peter Walker, the Minister of Agriculture, has called for a more dynamic Community which would take its "proper place as a major economic and political grouping in the world." On a more practical level, Mr. Douglas Hurd, Minister of State at the Foreign Office, has put forward proposals for improving the co-ordination of foreign policy.

Such signs of life are welcome in themselves, but they do not go very far. As Mr. Walker has pointed out, the crucial period is likely to be the second half of next year. This coincides with the British Presidency, for which it is as well to be prepared, but it is not the fact that Britain will be in the chair that matters most. There are two much more important considerations. The first is that all the known problems of the Community should be coming to a head and the second is that the French elections will be out of the way.

So far as Britain is concerned, and to a large extent the Community as a whole, the key problems are money and agriculture. If there had been no Common Agricultural Policy, it is probable that we could have lived within the Community quite happily. Conversely, if the excesses of the CAP are not eliminated, it is likely that discontent with membership will continue to grow.

There is already agreement in principle that the surpluses, which are a direct result of CAP, should be reduced and that the Community budget should be restructured so that a smaller percentage is spent on agriculture. At the last count, disposing of the surpluses alone took about 80 per cent of the agricultural budget, which itself was responsible for over three-quarters of Community spending. The first aim therefore must be to see that the agreement in principle is adhered to. Agricultural spending must come down and Community financing of surpluses must be reduced.

There are several possible ways of proceeding. There could be a sub-ceiling (say 50 per cent?) for agriculture within the Community budget. Or there could be cash limits within which the Community would have to live. The details do not matter too much at this stage. The main point is that if the Government cannot resolve the agricultural question it will find it difficult to turn the tide of opinion at home in favour of continued membership.

Yet there is also a broader way of looking at Community spending. Some time in the next year or so this spending will reach the limit allowed under the present "own resources" system. The question will then arise of whether Community spending should be increased, and if so, how, or whether it should be contained within the existing limit.

Convergence

This is not a time when any member-Government seems anxious to raise public expenditure, especially for reasons that go beyond the short-term national-political. Yet a Community that sticks to spending ceilings set several years ago, in quite different circumstances, could scarcely be described as dynamic. Nor could it be said to be doing very much for the redistribution of resources within its own frontiers. In other words, it would not be promoting that degree of economic convergence which is essential if the Community is to stay harmoniously together. There are areas, such as regional and social policy, where both Britain and the Common Market as a whole could gain from increased Community spending. That is what the Government should be thinking about in the next few months.

UNEMPLOYMENT: THE GROWING COST IN BRITAIN

The brutal arithmetic of benefits

BY PETER RIDDELL, Economics Correspondent

EACH NEW unemployed man or woman means an extra £5,000 a year of public sector borrowing. Since September last year the number of adults out of work has risen by 344,000, equivalent to additional borrowing of £1¾bn. Ironically, this is also roughly the same as the increase in Government revenue from North Sea oil and gas operations expected during 1980-81.

This brutal arithmetic is one side of the cost of unemployment—irrelevant perhaps to those without a job but of vital importance to a Government trying to contain public spending and borrowing as part of its tight monetary policy.

Governments of both parties have never been exactly keen to publicise these calculations but some rough-and-ready estimates can be made on the basis of official figures. A starting point is direct spending on social security payments of which about half is on unemployment benefit and the rest on supplementary benefit. The (probably optimistic) official assumptions imply total spending at current prices of nearly £2bn in the current financial year.

A rise of 100,000 in unemployment will probably add about £125m a year to benefit costs. There are also administrative expenses. A recent Commons committee report estimated that an extra 2,000 staff will be required to deal with each 100,000 rise in adult unemployment above 1.5m: the current total is 1.6m and rising fast.

Unemployment also produces several other direct costs for the Government—a loss of national insurance contributions and of income tax revenue.

Moreover, a rise in unemployment is in itself normally a reflection of changes in the level of economic activity and of output. Thus, a fall in demand which leads to redundancies and reduces vacancies is likely to cut Government revenue from indirect and company taxes. There may also be a squeeze on the financial position of nationalised industries because of lower demand, as is happening now.

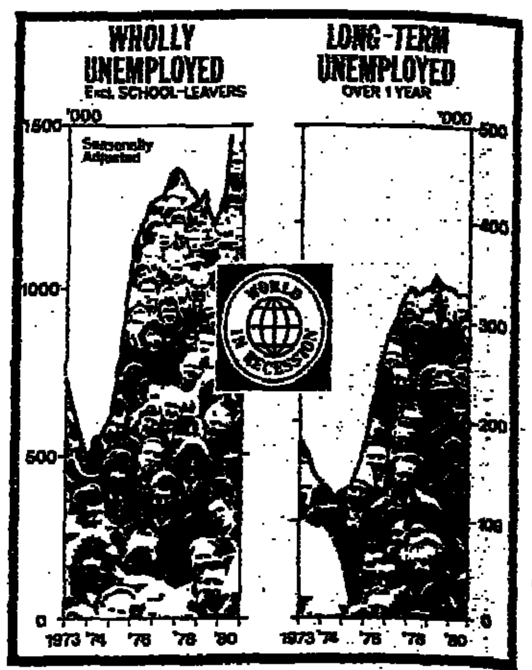
All this will push up public sector borrowing, even before allowing for the cost of any additional expenditure on training or on special employment measures. Estimates of an additional £500m of public borrowing for every 100,000 more people unemployed are widely accepted. This means that the rise in unemployment since 1973 has added at least £5bn a year to public borrowing compared with a forecast level of £8½bn in 1980-81.

Another way of looking at the same calculation is to start from changes in the growth of total output as measured by real Gross Domestic Product (GDP). The London Business School has, for example, estimated that a change of 1 per cent in GDP alters public sector borrowing by about £600m to £700m at 1978-79 prices (and considerably more at current prices).

This could be very important if GDP is flat after 1980 instead of rising by 1 per cent a year as assumed by the Treasury in the medium-term financial strategy. In that case, public sector borrowing in 1983-84 would be at least £2bn higher than otherwise expected. This would limit the scope for income tax cuts.

The discussion so far has been entirely in terms of economic costs. But unemployment also has important social costs in terms of deteriorating health and increased crime. A study undertaken for a U.S. Congressional committee has been applied to the UK by two Cambridge economists (Bob Rowthorn and Terry Ward). This shows that a sustained rise in unemployment of 1m could, over a five-year period, lead to roughly 50,000 more deaths, over 60,000 cases of mental illness and 14,000 more people receiving prison sentences. These estimates are naturally very uncertain, but they obviously imply additional public expenditure.

Thus, the Government faces a crucial dilemma. The medium-term strategy



involves a gradual reduction in the path of public sector borrowing consistent with a lower rate of monetary growth. But the recession and higher unemployment are pushing up borrowing. Treasury ministers have talked about permitting variations in the level of borrowing in recession years, so long as the underlying path is downwards. So far, however, the borrowing limits have not been changed, even though there may be an overshoot this year.

● *Further articles on unemployment in Britain will be published in the next few weeks.*

Far more than pin money at stake

"A FAMILY SIMPLY cannot live on a man's wages anymore," said Mrs. Bridget Marlow, a Leicester hosiery worker, at present employed by a company in the hands of the Receiver.

Mrs. Marlow, in her early thirties, and with two young children, insists that her wages are now an integral part of the family's budget. Any suggestion that her earnings are for "pin money" receives a sharp retort.

But she, like hundreds of other women in Leicester's hosiery and knitwear industry whose income has helped support commitments such as hire purchase agreements and mortgages, faces redundancy. Her employer, Admiral Knitwear, has gone into voluntary liquidation. For among the industries in Leicester worst affected by the present economic climate is the hosiery industry.

For some years the industry has been struggling to improve its productivity and competitiveness, and until recent times has managed to weather temporary downturns in trade. Now, a combination of adverse factors, including the strong pound, high interest rates, low cost imports and a fall in consumer demand, has resulted in manufacturers putting thousands of workers on short-time and, in many cases, closing down factories.

Workers have been stunned by decisions such as that taken by Harold Ingram, the Leicester knitwear manufacturer, to close two factories in the city and to start directly importing products from Hong Kong with the aim of eventually starting its own production there.

"Even if we worked for nothing we could not compete against imports from Hong Kong and Taiwan." Mrs. Marlow said, echoing the prevailing disbelief in a region that has yet quite to get used to the changed climate.

Mrs. Marlow's wage, for part-time work, has averaged about £40 a week. It is she says, vital for her family which needs "about £100 a week to keep going." Her husband, in the printing industry, earns about £80 a week.

Mr. Marlow's job — although not immediately threatened — is insecure in that the printing industry is making substantial numbers of workers redundant. "I'll do anything," Mrs. Marlow said. "I trained as a nursery nurse, but there is no chance of a job there as the council is busy closing nurseries down."

Mrs. Marlow added: "Married women cannot move away from their homes to find new jobs and leave their families behind. Besides, if you cannot find a job in Leicester you won't find one anywhere else." Leicester, still has an unemployment rate below the national average.

Official figures claim 1,900 redundancies in Leicester's hosiery industry over the past six months. The Hosiery Manufacturers Association believes the real number could be at least 50 per cent higher because some redundancies are not notified—when fewer than 10 are involved—and some workers are not entitled to redundancy payments. Hundreds more, including those on Government-sponsored temporary working schemes, fear for their jobs.

Of the 5,000-odd women registering as unemployed, 1,425 are hosiery workers. In the past the city's Job Centre received few inquiries from women seeking jobs in the industry. In a full labour market, with manufacturers keen to offer part-time or full-time work, with a further option of outwork which attracted women confined to the home, workers preferred to seek their own jobs. Now with jobs and money in scarcer supply women are signing on for work.

However, many want part-time work but they are forced to sign on for full-time employment as Employment Exchanges stipulate that benefit cannot be claimed unless the claimant registers for full-time work. One married hosiery worker said: "Mrs. Thatcher has been asking workers to cut their hours so as to give others, particularly school leavers, work experience. But we are being told that we either work full-time or we don't get the dole."

Although often highly trained, women hosiery workers claim they face the stigma of being "unskilled factory workers" when seeking other jobs.

Mrs. Pam Colver, who was made redundant from the same company, said: "All the time I am unemployed I am losing my skills and speed. That means I will lose money if I get another job in the industry if the work is on piece rates."

Few appreciate the speed at which such women, usually paid on piece rates, work. A sewing machinist, or overlocker, can take up to two years to reach a speed which entitles her to maximum rates of pay. Rates are negotiated in pence, not pounds. Overlocking cardigans, for example, could be paid at a rate of 80p a dozen.

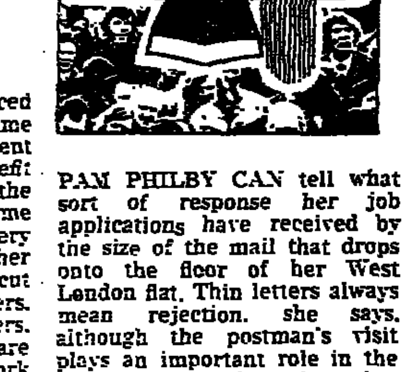
At local level, hosiery workers have already accepted lower pay settlements and in some cases cuts in their rates.

The acceptance of a lower wage by these women is exceptional. But even this action has failed to save jobs and women are dismayed to find that redundancy payments are being assessed on these rates as well as reduced earnings during short-time working.

For the first time in their working lives, after slipping in and out of employment with the industry, many hosiery workers are expressing fears for its survival.

LISA WOOD

Thin letters for a bright graduate



PAM PHILBY CAN tell what sort of response her job applications have received by the size of the mail that drops onto the floor of her West London flat. Thin letters always mean rejection, she says, although the postman's visit plays an important role in the domestic rituals she has evolved to fill her life.

Miss Philby is a 22-year-old unemployed graduate with a 2.1 degree in economic institutions and planning from the London School of Economics. She fits the image of what LSE students are expected to be; bright, numerate and radical. She was chairman of the LSE Labour Club and involved in university politics — not that she would admit that to any employer. She is afraid it would put them off.

Last autumn she started the "milk round," applying for jobs to the companies that visited LSE, recruiting graduates. She was quite clear what she wanted when she finished university this summer; an administrative traineeship with the National Coal Board.

The Philbys are a mining family in Nottinghamshire and Pam wanted to make a life-long career in the industry. She was attracted by the £6,000 per year starting salary, well above the average for graduates' first jobs.

Failing to get the job, Pam has since written an average of two or three job applications a week. She now intends to use her numerical skill to become a mathematics teacher if she fails to get a job in industry by Christmas. "There is a constant downgrading of aspirations. When I was studying labour economics, I learnt about the concept and now realise it is happening to me. There is a feeling of lethargy and I cannot even get a temp job as a typist."

Graduate unemployment does not present much of a problem according to the CBI and the Department of Employment. By Christmas it is estimated about 5 per cent of the 65,000 students who took their degrees this summer, will be out of work. Employers say they are cutting back on graduate recruitment to a far lesser extent than in the recession of the mid-1970s.

By Christmas half this year's graduates will have entered permanent employment on salaries ranging between £4,000 and £5,000, according to Department of Employment forecasts.

These entrants to the job market will spend on average about 4½ years with their first employer and their choice of job will have been influenced by the university appointments office, family and friends (in that order).

Of the other half, about a quarter of first degree students pass on to other forms of training. Teacher training has declined in popularity with the slump in demand for new teachers. Business schools, accountancy, the law and a variety of professional groups—all demand training past the degree stage. Academic research has declined in popularity as grants have been cut and students become more aware of the harsh realities of the job market.

The remaining 25 per cent of graduates this year will have either been on secondment from their employers and return to the sponsoring company, have come from abroad or somehow slipped through the statistical net.

Pam Philby and her friends at London University are not convinced by the Government's soothing noises about graduate unemployment. They feel the figures hide the shift in the type of jobs many graduates are now taking as permanent first jobs. Warehousing, waitressing and clerical work seem to be favourites at LSE.

Unemployment is the source for much anecdotal chat in student coffee bars and public houses. Inevitably, perhaps, exaggeration tends to creep into the conversation. Pam says unemployment "is now something of a status thing — you are one of the in crowd. Parents start sending cuttings of job adverts and people tell each other how many rejections they have had. It cheers them up in a way."

Mr. Tony Raban, a careers adviser at Cambridge, and chairman of the conference of employers of graduates, is much more optimistic. He argues that the job market is a little tighter than last year, but employers still want graduates. Engineers, scientists and those with numerate skills are still very much in demand.

Students seem reluctant radically to revise their expectations. Miss Anna Clark, president of the University of London students' union, the largest in the country, feels that most students still consider that they have a right to a reasonable job immediately after college.

Mr. Raban says there is still a pecking order of job preferences among graduates. Top of the list is working in the media, followed by marketing. However, some jobs have a positively poor image. The Civil Service, for example, used to find it difficult to recruit candidates of the right calibre to become Tax Inspectors. Manufacturing companies also find it difficult to recruit graduate salesmen: in sharp contrast to the surplus of applicants for the more glamorous world of advertising.

Miss Philby recognises she is in a better position than a school leaver entering the job market. But she worries that when she eventually finds work it may be at the expense of somone with fewer educational qualifications.

GARETH GRIFFITHS

MEN AND MATTERS

Hilditch reaps as it sews

Chic clothier Hilditch and Key enters pastures new with its purchase of Coles, which adds to Hilditch's Jermyn Street base shops in Savile Row and Sloane Street. The move is an adroit act of recession-proofing which makes Hilditch probably the largest bespoke shirtmaker in London, and possibly even Europe.

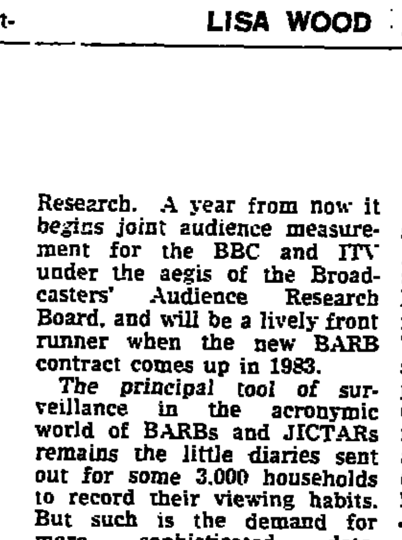
Managing director Alec Finch is coy about the price. "It was a reasonably substantial sum," he says smoothly, "satisfactory to both sides"—as well it should be, for whatever shock-horrors beleaguer the rag trade at large, his order-books are groaning.

There is no shortage of seekers after bespoke elegance, including a substantial clutch of politicians. "We cater to both sides of the House," Finch tells me, "though rather more to the right than the left, with Roy Jenkins neatly in between. Then we have the theatricals and the gentry and the aristocrats, plus a fair share of military. Our best clients are the Arabs, though the Latin Americans and Europeans spend freely as well."

I could not resist asking after one of my favourite fashion-plates, luminous Arts Minister and Leader of the House of Commons Norman St. John-Stevas, whose sartorial hue and cry on the Tory front bench and in the popular prints easily o'er-shines that of the Leaderene herself. Hilditch has not yet been blessed with an order for shirts from that quarter—but did, I am delighted to hear, recently make him a dressing-gown.

Finch bought a 50 per cent stake in Hilditch and Key three years ago. His partner is Michael Booth, something of a Stock Market punter. With the purchase of Coles, the expanded operation will be hand-making around 12,000 shirts annually.

It is not uncommon for clients to place a single order for 50



"Actually, business is *booming!*"

bespoke shirts. But his latest big order, "for a gentleman from the Middle East," made even Finch gasp: 150 hand-made shirts, some costing £70 each, plus 40 made-to-measure suits, the most expensive of them costing £800 each and incorporating cashmere, beaver and vicuna.

On the subject of the cost of the St. John-Stevas dressing-gown, however, it is impossible to draw him.

Watchers watched

Television was much in my thoughts through the weekend, not least as I enjoyed a garden party at the Inner Temple thrown by Thames Television yesterday as an antidote to the summer's soggy ratings and a divertissement for those of us repulsed from the continent by the French fishermen's impertinent blockade.

But I was also mulling over a recent conversation with Bernard Audley, who as funder and chairman of AGB, Europe's largest market researcher, has few rivals as Britain's ratings king. AGB already produces the ratings figures for the independent companies' Joint Industry Council for Television Audience Research. A year from now it begins joint audience measurement for the BBC and ITV under the aegis of the Broadcasters' Audience Research Board, and will be a lively front runner when the new BARB contract comes up in 1983.

The principal tool of surveillance in the acronymic world of BARBs and JICTARs remains the little diaries sent out for some 3,000 households to record their viewing habits. But such is the demand for more sophisticated data, Audley told me enthusiastically, that his minions will soon be able to pinpoint not only those shows during which father invariably falls asleep, but still more fleeting vignettes in the true-life drama of the TV-watching family. AGB, says Audley, is perfecting a wrist-watch-sized electronic device which will signal by means of a personalised electronic code precisely who comes in and goes out of the room over which the television presides—the very details for which advertisers lust.

And what if mother borrows daughter's watch, or the artful lodger nips next door? "I guess we still have a few bugs to iron out," concedes Audley.

Jarring

Waves of sympathy are stirring within me for Kenyan president Daniel Arap Moi's stand against alcohol, reported recently in these columns. Behind this new-found moral rigour is my reading of the Lancet, which offers a exposé of the ravages of the demon drink in nearby Zambia.

The most basic booze is "solopi." To make this, mix together sugar and yeast, fry them, and drop into a pail of water. Let the mixture cool for a ready-to-drink lotion in just 30 minutes. A slightly more sophisticated tipple, "sikikaan," demands beans and maize in addition. It is understandably described by one of its adherents as "a very dangerous drink."

Drinking decorum is also slightly different from that practised in our own pubs. In some parts of the Eastern Province, it seems, long fingernails are infra dig at the bar. The reason, says the Lancet's sources, is that a popular pastime is to secrete a poison called luanga under the fingernails, "and then let it fall in a tin of beer which you may offer someone to drink and then he gets poisoned to death."

Teeth for two

I must warn those of a nervous disposition, particurarly where matters dental are concerned, that the following lines may cause considerable distress.

Dr. Kjell Sveen and his assistant Hallvard Vindenes, both of Bergen's Haukeland hospital, are finally allowing themselves to savour the success of a molar transplant, which they performed three years ago. The said tooth has resisted rejection, and is chomping away happily in its new-found jaw.

The fortuitous circumstances favouring the transplant were that patient Trude Haugen had an extra molar in her upper left jaw, while her mother lacked a molar in just the same place. So Sveen whipped out the pliers and set to work.

The doctors had already succeeded in moving teeth from one place to another in the jaw of a single patient. Now, they are preparing a report on their latest triumph for delivery to the International Journal of Oral Surgery. It is a triumph for Norway, and a triumph for molars everywhere. But it is not the sort of treatment which you will catch me soliciting from my local sawbones.

Private joke

Sign on the back of an Aldershot soldier's bicycle: "I am a military spokesman."

The Superphenix reactor: France woos Britain

By DAVID FISHLOCK, Science Editor

TENS OF THOUSANDS of visitors, ranging from coach-loads of school kids to Britain's Secretary for Energy and his chief nuclear adviser, have been pouring into Europe's "nuclear valley" this summer. Among the vineyards flanking the Rhône no fewer than 20 nuclear power plants are operating or under construction, along with Europe's most imposing nuclear factory, the sprawling Eurodif uranium enrichment plant at Tricastin.

Mecca for most of the visitors, however, is a concrete "cathedral" nestling among cliffs in the picturesque upper reaches of the Rhone. Mr. Boris Saitcevsky, its master builder, expects 25,000 this summer at the scene of some of the most spectacular engineering assembly operations since the Apollo moon rockets.

Mr. Saitcevsky is halfway through construction of Superphenix, the world's biggest fast breeder reactor (FBR). The Russians have the biggest FBR operating at present, 600 MW, commissioned in April. But the French, in partnership with the West German and Italian electricity supply industries, are building one twice as big, 1,200 MW, at Creys-Malville in the "nuclear valley." Construction of the huge concrete dome to contain the Superphenix reactor is virtually finished, and burnished steel structures painstakingly assembled in a temporary factory close by are gliding sedately into place in its catacombs. In the factory the names of great engineering groups of Europe—Breda, Neyrpic, CIMI, SDEM—jostle each other as their craftsmen work together to assemble high-precision structures up to 800 tonnes in weight.

The French want Britain to join the club. They invited Mr. David Howell, Secretary for Energy, and Sir John Hill, chairman of the UK Atomic Energy Authority, to visit Superphenix so that they could discuss a French proposal for bringing Britain into the next stage of their FBR project.

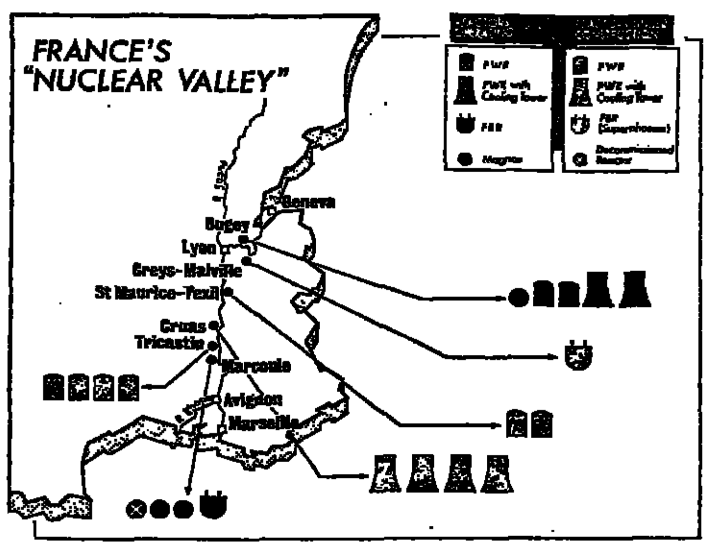
The background to the proposition is France's dramatic progress since 1974 in replacing its dependence on imported oil for electricity generation with nuclear power. Since the first year of soaring oil prices it has commissioned 7,000 MW of nuclear capacity and has begun construction of another 32,000 MW. By 1985, half of its electricity is expected to come from uranium, compared with a maximum of 20 per cent in Britain. France believes that by then its nuclear electricity will be the cheapest in the world, costing about half the price of its coal-fired electricity, and one-third of the price of its oil-fired electricity.

But could the world price of uranium—"soft" at present because most countries outside France and the East Bloc have

France is halfway to building the world's biggest FBR

slowed down their rate of nuclear construction — climb dramatically towards the end of the century when a big acceleration of nuclear construction worldwide seems almost inevitable? The French (and the Russians) are convinced that it will. Their insurance policy is to develop the FBR. It uses the plutonium by-product of present-day reactors to convert the 99.3 per cent of uranium wasted at present, because it will not burn in today's reactors, into fresh nuclear fuel.

Dr. Georges Vendreyes, the French Atomic Energy Commission's director responsible for the FBR project, explains the policy. Construction is proceeding "very smoothly," he says. "There have been problems and design changes during the first three years of construction, but it's surprising to me that there have not been more problems." At the half-way stage the pro-



ject is about six months late on a "very tight" six-year schedule. So it has been rescheduled for seven years, meaning that full power is now expected early in 1984.

Costs, Dr. Vendreyes claims, have remained "within very reasonable limits." The cost of the nuclear element of Superphénix is now expected to be 15-20 per cent above the 1977 estimates, half of which is due to the one-year delay.

"But that does not mean that we are happy about costs," he says. Capital costs look like being little more than double the cost of building a 1,200 MW Pressurised Water Reactor (PWR) in France. Generation costs look like being a bit less than twice the cost of PWR power—about the same price as is estimated for (imported) coal power in France in the second half of the 1980s.

Dr. Vendreyes's big problem now is to close this gap between FBR and PWR costs. One intrinsic reason for the gap is the fact that the FBR has an extra cooling circuit, to ensure that the radio-active sodium which cools the reactor does not come into contact with water in the boilers. This additional complexity adds 20-25 per cent to the price. Beyond this, he believes the gap can be closed by arranging to make a series of reactors of identical design, as they have done with the PWRs.

Three parties are engaged on a national plan for the exploitation of the FBR: Electricité de France, the Atomic Energy Commission and Novatome, the design and construction company for FBRs. The plan is that France will build six identical FBRs of a design they call Superphénix 2, 1,500 MW each, in three pairs, the first pair being ordered in 1985 and the other two pairs at intervals of about 18 months. In addition France will order a reprocessing plant for Superphénix fuel, commensurate with the 10,000 MW of FBR capacity, to keep the plutonium recycling rapidly and to gain the greatest economic advantage from its FBRs.

Electricité de France says it is willing to meet the extra cost provided its suppliers can reduce the gap to one of only 15-20 per cent on the cost of producing electricity. It sees the extra cost simply as insurance against runaway uranium prices. The utility—which claims to have supplanted Britain's Central Electricity Generating Board as the world's biggest electrical utility generating power last year—also knows better than any the economic value of a standardised design. It has demonstrated the point with a series of identical 250-MW oil-fired stations, and in the 1970s with two series of PWRs, of 900 and 1,300 MW, says M. Michel Hug, the director responsible for power plant construction.

Safety of systems also benefits greatly when it is an integral part of a standardised design and not at risk from tinkering later. "Safety is not something you spread on afterwards," M. Hug says.

The decision to embark on the FBR programme will be taken by the French Government. It will be one which places reliance on the FBR for 10 per

France wants an entry fee from Britain, perhaps £20m-£25m

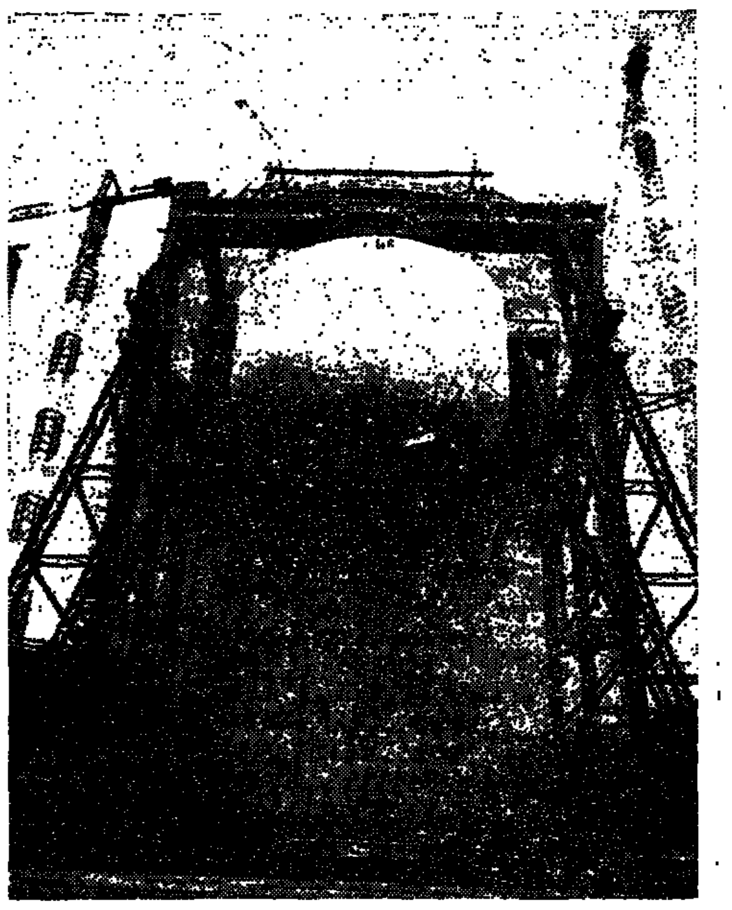
cent of France's electricity by the end of the century. But provided the three parties can agree on acceptable cost estimates for the series, they have been promised a government decision in 1984-85, soon after Superphénix reaches full power. They have selected yet more sites in the "nuclear valley," at Marcoule, on which to base their costs for both the first pair of Superphénix 2 reactors and the FBR reprocessing plant.

Where does Britain come into this picture? The French Government knows that Britain, with a 250 MW FBR operating at Dounreay since 1974, is poised for a decision on the next stage, the so-called "commercial demonstration fast reactor." It knows tht Britain has been exploring various possibilities for international collaboration to defray the high cost of entering this new technology. It also knows that Britain has an FBR design similar in its essentials to Superphenix and is well advanced with the FBR fuel cycle. And Britain, moreover, already has a toehold of 2.5 per cent in Superphenix, through a shareholding purchased by the CEGB from the German electricity industry.

France has proposed that Britain and France should collaborate on the design of Superphenix 2, so that a seventh reactor of essentially the same design is built in Britain. It has suggested—with its partners' agreement—a collaboration giving the UK access to all FBR research and development in five countries: France, West Germany, Italy, Holland and Belgium. It has proposed a joint agreement between Serena, the five-nation company set up to licence Superphenix technology, and a British counterpart which does not yet exist (but which is being called Fastech). This would be a subsidiary of National Nuclear Corporation. It would like a joint agreement between Novatome, the French company designing and constructing Superphenix, and the National Nuclear Corporation.

But its most controversial proposal is that, since Britain will in this way be able to leapfrog the Superphénix stage and proceed straight to the more advanced and more economic reactor, perhaps one-third cheaper, France will be entitled to an "entry fee" from Britain. This could be as much as £20m-£25m.

Viewed dispassionately, an entry fee of this order is not unreasonable. The French must be counted at least six years ahead of Britain in demonstrating FBR technology on a commercial scale; and probably nearer 9-10 years when one considers the realities of the nuclear construction industry in Britain and the Government's promise of a public inquiry on the siting of the first big FBR. There is even a precedent to



The concrete nuclear "cathedral."

some extent, in the entry fee paid by Britain to buy its way belatedly into the Franco-German research reactor at Grenoble.

Nevertheless, the Government foresees considerable difficulty in defending a decision to spend such a sum in Parliament, where it will be faced not only by numerous MPs opposed to nuclear power but by some who still firmly believe that Britain leads the world in FBR technology.

The French Government says it is awaiting a reply from Britain. It needs a decision, it says, because the designs for Superphénix 2 are progressing so rapidly that if Britain dallies it will be too late to influence the design. But the anxiety may not be wholly altruistic. The German and French partners in Superphénex have both been backpedalling in their nuclear power programmes. The German prototype FBR is far behind schedule. One British view is that the French are beginning to feel very exposed as they draw further ahead of the field, and now badly need Britain as partner to bolster their own confidence in the FBR.

Letters to the Editor

PAYE computer system

From the Managing Director, ICFC Consultants

Sir,—The worst feature of an investment in any computer to cope with PAYE is that it will almost certainly enshrine this archaic method of tax collection into the system for the next 100 years.

Employers should be able to agree take-home pay with their workers and contribute the same amount of tax as at present by a payroll tax. A straightforward calculation once a month would be all that was required.

This will not appeal to the computer industry which services the lumbering PAYE system at the employers' end as well as in the tax offices. With the advent of the electronic office, computerised design and robot manufacture they should have plenty of business to come and should not shirk from joining in the condemnation of a tax system which is costly, disincentive and ready to be interred with the window tax and other fiscal relics.

G. M. J. Richardson.
ICFC Consultants,
5, Victoria Street,
Windsor, Berks.

Monetary policy

From Mr. E. Whiting

Sir,—The article by Peter Riddell "Whitehall's monetary policy" (August 9) has jogged my memory to turn up a previous article in your Lombard column (June 26) by Anthony Harris, in which he explains what is and what is not included in sterling M3. One has only to re-read that article to realise that almost all that Peter Riddell has to say was patently obvious from the start, due to the total inadequacy of M3 as a measure of monetary performance.

When the ability of the basis of the customary measures is weakened, new measures have to be developed using a somewhat different basis (e.g. cash flow and current cost accounting in place of historic cost).

If none of the measures that one can use is free from infaction or decay of the basis, the more must one take account of non-measurable intangible factors and a common-sense view from the world outside (e.g. related economic statistics, consumer surveys, or simply a "gut" feeling).

Measurements used for short-term performance need to be sharper and more objective than those used in the long-term, during which detailed differences and errors are more likely to come out "in the wash" (e.g. cash flow, which is subject to entirely accidental fluctuations over months, may be a very useful measure applied over several years).

Before any control measure is used directly for a policy decision, the detailed compilation and relevance of the measure to the decision should be checked (e.g. pricing decisions should take account of all the relevant factors if markets and costs).

Management should fully understand the basic principles and limitations of all the performance measures that it will use (for example, return on capital employed should not be used without an understanding of the likely unstable basis of nuerator (profit) and denominator (asset values).

Accounting definitions (or "standards") should be as clear and incontrovertible as possible so that no important item can be easily fiddled (e.g. "window dressing" in balance sheets may be mitigated by looking at post-balance sheet events).

The use of sterling M3 as a measure of monetary performance seems to offend against all these canons. It is ill-defined, compiled mainly from the balance-sheets of clearing banks. The inevitably erratic short-term results appear to determine important policy decisions. There is no reference to a host of other measures available, which though not completely relevant, can provide useful guidance. And those who use the monetary measure M3 seem to have no understanding of how it works and how its basis is affected by other factors outside those impinging on the performance it seeks to measure.

In short, it must be not at all surprising to readers of Anthony Harris's and similar articles that variations in Minimum Lending Rate appear to have little effect on the supply of money as defined by sterling M3—certainly in the shorter term. And in the longer term, "we shall be dead" (to quote Lord Keynes)—or unemployed.

Edwin Whiting.
(Lecturer in Management Control).
Manchester Business School.
Booth Street West, Manchester.

Dying Chambers of Trade

From the Director, Merseyside Chamber of Commerce and Industry.

Sir,—Mr. Waddle (Dying Chambers of Trade: August 11) is right to draw attention to the progressive disappearance of Chambers of Trade. The absence of a strong voice for retailers has undoubtedly contributed to the decline of city centre shopping.

The demise is not entirely due, as Mr. Waddle suggests, to the mutliple retailers: much of it is due to the growth of peripheral shopping centres which has weakened the old Chambers sited centrally.

The solution appears to be a number of small chambers or committees subscribing to a central regional chamber in much the same way as chambers of commerce are now organised.

R. L. Paterson.
1 Old Hall Street, Liverpool.

From the Managing Director, Paine and Co.

Water charge increase

Sir,—Further to the letter from Mr. Wilmoth, in connection with the high charges by the Southern Water Authority, I would inform you that this company has also suffered high price increases, effective from April 1, 1980, from the Anglian Water Authority.

The increase in charges for average strength trade effluent is a staggering 70.9 per cent for the year, and these are costs which cannot be passed on to the public. This company is therefore taking up the matter directly with the Water Authority. Should there be no reduction in charges, we will then refer the matter to the Secretary of State.

Our local Press has recently reported that the unions involved with the Anglian Water Authority have published a report accusing it of wasting in excess of £1m. In the light of this, coupled with these vast increases, which exceed by far any price increase private industry would implement, one has every sympathy with Mr. Wilmoth's statement that "The Government simply must do something to stop the public being robbed by a crowd of unelected, incompetent officials."

L. C. Middleton,
Paine and Co.,
Market Square, St. Neots,
Huntingdon, Cambs.

North Sea bidding

From the Chairman, Premier Consolidated Oilfields

Sir,—In your Energy Editor's informative article (August 14) you may be understood to quote me as implying that the Financial Times' parent, S. Pearson and Son, is entering North Sea bidding as a non-oil company competing for the first time.

This is of course, as you were too modest to state, far from the fact. Pearson's North Sea licence in the first North Sea round held by its subsidiary, Whitehall Petroleum, was awarded in 1964 and subsequently drilled.

Pearson is a British pioneer in the oil industry having founded Mexican Eagle Oil at the beginning of the century; having been the main shareholder in the most successful U.S. oil company, Amerada; and having merged its other U.S. and Canadian oil interests into Ashland in 1969, with whom it participated subsequently in North Sea exploration. Thus it has a long and distinguished history in the oil business here and abroad.

Roland C. Shaw.
Premier Consolidated Oilfields,
23, Lower Belgrave Street, SW1.

Imports of textiles

From the General Secretary National Union of Tailors and Garment Workers

Sir,—E. Ira Brown of the British Importers Confederation (August 5) expresses sympathy for the plight of the oil-importing developing countires while defending importers against increasing attacks as the recession deepens. Mr. Brown indicates that, as a trading nation, the UK must trade its way out of the present recession. Trading is a two-way operation, he says. This is indeed true. And it is because of distortions in two-way trade that the UK clothing industry is in its present difficult situation.

Since September last, 20,000 jobs have been lost in the industry. A further 30,000 workers are on short-time. While much of this decline can be attributed to the misguided monetarist economic approach of the Government, the impact of low cost imports cannot be ignored. During 1979, imports of the most sensitive categories of garments increased at an alarming rate.

The UK has a substantial surplus in its balance of trade with the developing world. This gives rise to frequent suggestions that we must open up our markets even more to textile and clothing imports. This argument, however, ignores the reality of our trade in manufactures with developing countries.

The truth of the matter is that a general overview of UK trade with the developing world hides the distortion created by trade between the UK and the three major textile and clothing supplying countries—Hong Kong, South Korea and Taiwan.

Total imports of manufactures from these three countires in 1979 totalled just over £1.1bn, against manufactured imports from all developing countries of only £3bn. Exports of UK manufactured goods to the developing world totalled more than £8bn, but of these Hong Kong, South Korea and Taiwan accounted for only £635m.

Accordingly, it can be seen that these three countries alone, which by no stretch of the imagination can be described as struggling, emerging nations, accounted for over 37 per cent of the United Kingdom's manufactured imports from low-cost sources, but in turn took less than 8 per cent of our exports of manufactured goods to developing countries. So much for trade being a two-way operation.

As far as international trade is concerned, these three countries must either open up their markets for UK products, or must curtail their own exports of textiles and clothing, in order to provide a greater share of the market for the truly developing countries.

As the situation stands at present, nearly all of the benefits of international trade in textiles and clothing are accruing to a limited number of "get-rich-quick" merchants operating as middlemen and to a few nations which still have undeserved developing country status. The trading activities of these countries damage not only the economies of the industrialised world, but also inhibit and retard development in the very poorest nations.

It is for this reason that the international trade union movement insists that there must be a degree of stability through progressive and balanced industrialisation. This implies an outright rejection of the practice of concentration of efforts on the development of a single industry sector. In addition, it implies that development is not an end in itself. It must be a vehicle for real advance in the living standards of workers and indeed of the whole population of the developing countries. Only in this way can it lead to the creation of larger domestic markets, thereby increasing overall trade.

Alec Smith.
National Union of Tailors and Garment Workers,
Radlett House,
West Hill,
Aspley Guise,
Milton Keynes.

Today's Events

GENERAL

UK: Ulster full-time firemen take industrial action over 48 unfilled vacancies.

American rock musical Hair begins national tour at Churchill Theatre, Bromley (until August 30).

British Music Fair, Olympia (until August 23).

The Medical Women's International Association Diamond Jubilee Congress, Metropole Hotel, Birmingham (until August 23).

The Piano and Electronic Organ trade fair, Connaught Rooms, London (until August 20).

Edinburgh International Festival (until September 6).

International Symposia and Exhibition—MICRO 80 opens (microscopy), Metropole Exhibition Centre, Brighton (until August 22).

International Festival of Sound (hi-fi trade fair), Harrogate (until August 19).

OFFICIAL STATISTICS

Central Statistical Office provide a second quarter preliminary estimate of gross domestic product based on output data. Department of Trade publishes the balance of payments current account and overseas trade figures for July; and provisional July figures of retail sales.

COMPANY MEETINGS

See Financial Diary on Page 19.

COMPANY MEETINGS

Final dividends: County and District Properties. Denbyware. English Association of American Bond and Shareholders. Samuel Heath and Sons. R. P. Martin. Vibroplant. Interim dividends: Blagden and Noakes (Holdings). Conder International. Royal Insurance. W. N. Sharpe Holdings.

CRICKET

Lancashire v Australians, at Old Trafford.

Scotland v Ireland, at Coatbridge.

LUNCHTIME MUSIC, London

Piano recital by Stephen Reynolds, St. Lawrence Jewry, 1.0 pm.

Organ recital by Jonathan Rennert, St. Michael's, Cornhill, 1.0 pm.

Recital by Julian Clarkson (counter-tenor) and Richard Lyne (organ), St. Anne and St. Agnes, 1.10 pm.

UK COMPANY NEWS

Beales warns of midway losses

AT THE annual meeting of John Beales Associated Companies, Mr. G. H. Bignall, chairman, warned he could not see the group returning to profitability in the half-year to September, but the second half should show an improvement.

For the 53 weeks to March 19, 1980, the group, maker of "Marathon" underwear and outerwear, incurred a loss of £830,000 following a first half deficit of £560,000.

The chairman told shareholders that the group had contracted to a position in which it would be able to attack the market more efficiently in areas in which it was strongest and potentially more efficient.

This would eventually be reflected in turnover, the chairman added.

The cash position had improved with stock clearance, but at a cost, and losses had been reduced.

With the slimmer structure and new management, the group was looking to seize opportunities wherever they occurred and the chairman was confident that there would be a continuing improvement in performance during the next 12 months.

SHARE STAKES

Imofund 1962 — Control Securities has purchased a further 452 units of this Netherlands unit trust, bringing holding to some 10.41 per cent.

Wace Group — National Employers' Mutual Insurance holds 291,000 shares (8.89 per cent).

Gaskell Broadloom slips to £0.31m at half time

Holders of more than 40 per cent of the shares of Gaskell Broadloom are in favour of the £2.7m offer for Hothfield Group which is intended to add manufacture of berber carpets to Gaskell's existing carpet manufacture and distribution businesses.

Details of the proposed acquisition are revealed in the documents sent to Gaskell's shareholders as background for the special meeting on September 1 to approve the deal.

The documents also contain details of Gaskell's own reduced trading performance for the six months to June 30. Pre-tax profits have dropped from £532,724 to £314,505 although turnover increased from £5.86m to £6.36m.

After tax down from £277,000 to £163,000 stated earnings per share have dropped from 6p to 3.5p.

Mr. M. H. Horton, the chairman, attributes the reduced profits to the world-wide recession, high interest rates and the strength of the pound. No forecast for the full year is given but the Board has declared a maintained interim dividend of 1p. Last year's total dividend was 2.8p from pre-tax profits of £1.15m.

In contrast to Gaskell, Hothfield's recent performance has shown uninterrupted growth. Over the past four years to March 31 last turnover has increased from £1.76m to £5.49m and profits before tax from £405,000 to £1.62m.

Gaskell is proposing to pay £2.7m for Hothfield, mostly in cash. Some £1.3m of this would be paid on acquisition, the remainder in three annual instalments. The initial payment is to be met out of a medium term bank loan of £1.25m.

A pro forma balance sheet reflecting the acquisition shows shareholders funds and reserves would be reduced from £5.25m to £4.2m. The drop is attributable to the £100,000 costs of the acquisition and the writing off of £1m representing the premium paid for Hothfield which has net tangible assets of £1.68m in its latest balance sheet.

PPD Engineering getting back to full recovery

PPD Engineering, the printing and paper drive machinery subsidiary of Laurence Scott claims to be well on the way to recovery following the blow it received when a large part of the management and key staff abruptly left the company earlier this year.

In March, Mr. Roy Ashman, managing director, and Mr. Henry Lally, sales director, resigned from the company. They were later joined by some 28 PPD employees.

With the backing of Hambros Bank, the National Coal Board Pension Fund and Electra Investment Trust, the executives acquired Harland Simon (1980)—a company in direct competition with PPD—and then unsuccessfully approached Laurence Scott about buying out the PPD subsidiary.

Mr. Bill McCraith, chairman of PPD, says the subsidiary had a "disastrous start" to the current year following the departure of Mr. Ashman and Mr. Lally. There was no output for the first eight weeks of 1980-81 and morale within PPD was at a very low level.

New executives have now taken over at PPD and the group has gone a long way to replacing the key personnel. In the past 10 weeks output has been on budget and morale is at a much higher level, Mr. McCraith added. The order book currently stands at over £2m in addition to which there are three contracts worth some £325,000 currently pending confirmation. This total is some £½m below the figure of a year ago.

First half rise at Channel Is. & Intnl. Trust

Revenue of Channel Islands and International Investment Trust for the first half of 1980 advanced from £187,424 to £190,232 before provision for Jersey tax of £38,047 against £37,465.

Gross revenue amounted to £186,455 (£146,113). Pre-tax revenue is after management and other expenses of £19,216 (£19,960) and £22,993 against £61,271 dealing profits of a subsidiary.

BTR improves in S. Africa

An increase from R4m to R9.9m in pre-tax profits is reported by BTR South Africa for the six months to June 27, 1980. Tax took R3.79m against R1.56m leaving attributable profits up from R2.48m to R5.96m.

Stated earnings per share were up from 16.5 cents to 40.5 cents, and the interim dividend has doubled to 22 cents.

The company is a 62 per cent owned subsidiary of BTR.

MINING NEWS

Brinco in joint plan to reopen Canadian gold mine operation

BY GEORGE MILLING-STANLEY

A JOINT VENTURE agreement to reopen the old San Antonio gold mine in Canada has been drawn up between Brinco, the Canadian subsidiary of London's Rio Tinto-Zinc group, and New Forty-Four Mines. Under the terms of the deal, Brinco can earn a 50 per cent interest in the mine, near Bissett, north-east of Winnipeg, Manitoba.

Brinco is to carry out a programme to confirm and extend mineable ore reserves and will also make a feasibility study to enable it to decide by the end of the year or early in 1981 whether to return the mine to production.

Information currently to hand indicates that the property could support a mining operation covering 122,000 tonnes of ore and producing about 23,000 ounces of gold per year. If Brinco decides to go ahead with the project, the rehabilitation of the existing facilities, the construction of a new concentrator and underground development is expected to take about a year.

The San Antonio mine was operated as a gold producer between 1932 and 1968. In that time, the mill processed about 4.6m tonnes of ore with an average grade of 0.28 ounces of gold per tonne. More than 1.1m ounces of gold and 180,000 ounces of silver were recovered.

The operation came to a halt following a fire which destroyed the main hoist room.

Brinco is currently owned as to 52 per cent by RTZ. Details were recently announced of a plan to make Brinco an eligible Canadian-controlled company under the terms of the Foreign Investment Review Act.

It is proposed that Olympia and York Developments, a Toronto-based private company with property interests, will acquire 50.1 per cent of Brinco's voting share capital, which would lift the Canadian interest in the company to around 74 per cent.

BOARD MEETINGS

The following companies have notified dates of Board meetings to the Stock Exchange. Such meetings are usually held for the purposes of considering dividends. Official indications are not available as to whether dividends are interims or finals and the sub-divisions shown below are based mainly on last year's timetable.

TODAY

Interims: Charles Baynes, Blagden and Noakes, Conder International, Royal Insurance, W. N. Sharpe.

Finals: County and District Properties, English Association of American Bond and Shareholders, Samuel Heath, Impala Platinum, R. P. Martin, Vibroplant.

FUTURE DATES

Interims:	
Sanford Concrete Machinery	Aug. 22
Cadbury Schweppes	Sept. 4
Investment Trust of Guernsey	Aug. 21
Mo ns	Sept. 19
Prudential Corporation	Sept. 11
Scottish Agricultural Inds.	Aug. 28
Finals:	
Kennedy Smale	Aug. 19
Land Investors	Sept. 9
Rean Consolidated Mines	Aug. 20
Security Centres	Aug. 27

Northgate profits fall

NET PROFITS of the Canadian natural resources group Northgate Exploration for the second quarter and first half of the current year are sharply lower than in the corresponding periods. Falling lead prices, higher costs and substantially increased losses on foreign currency translation were the principal factors contributing to the decline.

Second quarter net profit came out 65.4 per cent lower than in the previous year at C$1.4m (£514,000). In addition to the factors cited above, Northgate had to contend with a fall in lead grades during the period which cut production of concentrates by 38 per cent.

Offsetting factors were the higher silver price and the inclusion of the proceeds from a shipment of copper concentrates produced earlier.

For the first half, net profit was one-third lower at C$3.51m, with earnings coming out at 50 cents a share against 77 cents previously. As in the first quarter, the major factor limiting the decline was the sharply higher silver price and to this was added the beneficial effect of higher output of concentrates.

As reported here previously, underground operations at the Tynagh mine in Ireland ceased at the end of July. Preparations are in hand to modify the plant at the mine to enable it to treat a surface stockpile of about 110,000 tonnes of silver oxide ore, averaging about 7.5 ounces of silver per tonne. Processing of this ore is expected to start around the end of the year.

MALAYSIAN TIN

The offer of shares in Malayan Tin Dredging in exchange for five other Malaysian tin companies has closed.

Acceptances received were: Southern Malayan 88.91 per cent, Southern Kinta Consolidated 83.35 per cent, Kramat Tin 73.5 per cent, Lower Perak 89.55 per cent and Bidor Malaya 100 per cent.

Malayan Tin already owned 703,331 shares in Southern Malayan before the present offer, and therefore now holds 90.26 per cent of the equity.

All of the companies involved are members of the Malaysia Mining Corporation group.

Bridgewater Estates improvement

TAXABLE profits of Bridgewater Estates, property development group, increased from £354,888 to £467,625 for the first half of 1980.

... £216,319 (£164,754) ... per 50p share ... 9.29p. The ... interim dividend is held at ... total payout ... profits of £1.26m.

... receipts for ... totalled £197,351 ... Trading and development income rose from ... to £277,066 and investment income was ahead ... 75,707 at £140,119.

Southend Stadium profits up

Operating profits of Southend Stadium improved from £25,567 to £27,371 for the first half of 1980 and, after including higher rents and investment income, pre-tax surplus rose by £17,082 to £69,481.

Receipts for the half-year amounted to £283,664 (£268,020), struck before betting duty of £33,747 (£32,337) and expenditure up from £210,116 to £222,546. Rents and investment income increased from £26,832 to £42,110 and this is expected to show an improvement over the year.

However, because of the current economic recession it is anticipated that the full-year profits arising from greyhound operations will be lower than in the previous year.

Greyhound race meetings in the period totalled 67 (65). Totalisator retention was up from £112,145 to £123,135.

In the last full year, the company paid a single net dividend of 0.427p from taxable profits of £145,288.

SPAIN

1980 High	1980 Low		August 14 Price %
246	203	Banco Bilbao	246
258	217	Banco Central	248
220	203	Banco Exterior	212
230	200	Banco Hispano	224
137	117	Banco Ind. Cat.	120
175	141	Banco Madrid	141
282	237	Banco Santander	276
190	136	Banco Urquijo	139
238	206	Banco Vizcaya	236
215	200	Banco Zaragoza	215
106	75	Dragados	104
63	59	Espanola Zinc	63
66	53.2	Fecsa	63
40	23.2	Gal. Preciados	24
71.7	58.7	Hidrola	65 2
66 2	57.5	Iberduero	61
120	100.7	Petroleos	112
92	58	Petroliber	87
115	107	Sogefisa	107
65.5	51.5	Telefonica	58.5
68.2	58 2	Union Elect.	68

INTERNATIONAL BONDS

BY NICHOLAS COLCHESTER

A flight of fancy for Alcoa

FOR DAYS the long runways at the Eurobond flight test centre had been silent, swept by turbulent winds and soaked with persistent rain from clouds dark with inventory. Potter and Rudloff, two test pilots from CSFB Aviation, stared glumly through the control tower window. Goggled and gauntleted, they slapped their leather flying suits in frustration.

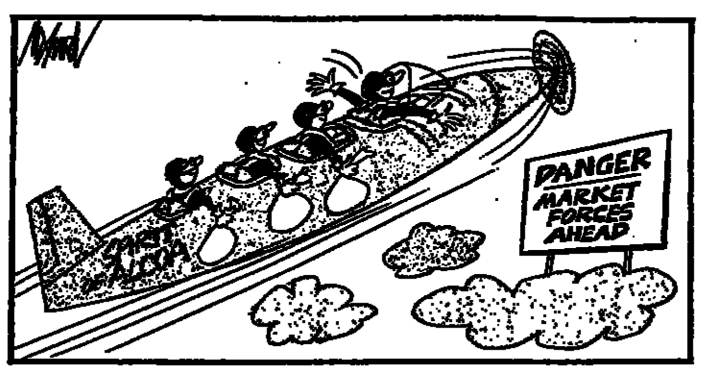
Then, on the Wednesday, a brief window opened in the skies, carried in by calmer airs from across the Atlantic. At once the great hanger doors were parted. The ground crews murmured in wonder as CSFB wheeled out its latest development: Spirit of Alcoa, the $80m deferred purchase bond, the first "in-flight refueller."

This gleaming, wingless cigar was designed to take aboard an initial 25 per cent fuel load from the institutions, take off almost vertically and spear through low altitude uncertainty, driven mainly by force of expectation. It would fly thus for four months towards a rendezvous with the same institutions, take on another $60m of fuel, unfold into a fully-fledged Eurobond and cruise serenely on towards redemption eight years later.

Accompanied by mechanic Deutsche and navigator Schroder, the intrepid pilots marched out on to the tarmac. Briefly, heads bared, they stood in silence before the monument to former pioneers: Warburg—first Eurobond; Morgan Grenfell—Swiss franc Euro (shot down); Bankers Trust—FRN (still flying); Kredietbank—EUA Euro (over-engineered); Warburg — sterling Euro (under-powered, unstable at speed); the drop-lock, the British D-Mark, the triple-Honda, and many more. Solemnly they re-read the epitaph: "to strive, to seek, to find and not to yield—too much."

A procession of institutional tankers was driven up alongside the prototype. Some of their drivers seemed a little uncertain. So pilot Rudloff clambered up on to one of the machine's stubby fins for a pep-talk: "You are uncertain about the present. Right? You are hopeful about the future. Right? Then this is the vehicle for you. Fuel her up."

Soon the $20m was on board. The aircrew knew that they had embarked upon a highly geared mission, but resolutely they squeezed into the narrow cockpit. The controls were already



set at 12 per cent for eight years at par, so all they could do was press the starter button.

"Do we have commitment?" asked Potter.

"We have commitment," Rudloff intoned.

"Cheques away," shouted Potter, and at once they were rolling, bouncing, yawing, correcting and bouncing again. At the runway's end Spirit of Alcoa lifted over the head of an indefatigable plane-spotter named Ross. He danced with glee and shouted: "Less a half bid. Go! Go! Go!"

And the Deferred Purchase Bond went. Some of CSFB's rivals, who dearly would have liked to shoot it down, could not load up in time with telling criticism. Pre-flight security had been good. Spirit of Alcoa held height and disappeared over the horizon.

Then the unexpected occurred. Clutching leather bags full of fees, the crew heaved themselves up into the slipstream and tumbled out. Bright parachutes blossomed—one, two, three, four—and lowered them gently to earth. The prototype bond droned on towards its distant rendezvous, already buffeted by market forces.

To their discomfiture the fearless four alighted facing their sponsor, the finance director of Alcoa of Australia. He was smiling dangerously.

"Great take-off blokes," he said, "but haven't you baled out a little quickly? Who's looking after the re-fuelling? I'll need all $80m on board and I've paid you to get it."

Pilot Rudloff stepped smartly forward. "Technical factors inherent in all Euro-aircraft preclude a guaranteed, supervised re-fuelling," he explained silkily, "but rest assured that we have built in every possible incentive for it to happen automatically."

"Well that's beaut," the finance director retorted, "but what happens if the whole shabang drops to zero before refuelling is due? If there's a big bingle, who's going to pour good money after bad?"

"In that case you have salvage rights to the entire $20m in the wreckage," Rudloff answered smoothly. "That $20m is then yours for free. It will be equity."

The finance director's eyes blinked like cash-register windows. "Nice flying cobber," he drawled happily. "Go build me another one. And this time let's see some real leverage, really tight terms, and a nine-month waiting time to sort the men from the boys."

CURRENT INTERNATIONAL BOND ISSUES

Borrower	Amount m.	Maturity	Av. life years	Coupon %	Price	Lead manager	Offer yield %
U.S. DOLLARS							
††Leumi Intl. Invs. NV	20	1987	7	6ф	100	Bank Leumi	6.090ф
‡§Leumi Intl. Invs. NV	20	1987	7	7	100	Bank Leumi	7.000
Alcoa of Australia	80	1988	8	12	100	CSFB	12.000
‡†Credit Lyonnais	30	1987	7	5½ф	100	Nat. Bk. of Abu Dhabi	5.319ф
‡†Credit Lyonnais	30	1988	8	5½ф	100	Nomura Secs., Credit Lyonnais (H. Kong)	5.319ф
§INA O'seas Fin. NV	60	2000	20	8¼	*	Blyth Eastman Paine Webber	*
‡ECSC	25	1987	7	11	100	Daiwa Securities	11.000
D-MARKS							
Renault Acceptances BV	200	1985	5	7½	99¼	Deutsche Bank	7.686
‡ECSC	150	1992	8½	7⅞	100	Deutsche Bank, Dresdner Bank	7.875
§Nichii	80	1988	8	6½	*	Deutsche Bank	*
SWISS FRANCS							
‡**§Sumitomo Metal Min.	50	1985	—	5¼	100	Credit Suisse	5.250
‡Tunnel Routier sur le Mont Blanc	60	1990	—	5¼	100¼	CCF (Suisse)	5.401
STERLING							
‡Rothschild Inv. Trust	12	1990	8	14½	98	S. G. Warburg	14.643
CANADIAN DOLLARS							
‡**Export Develop. Corp.	25	1985	5	11⅜	100	KIIC, CSFB, Daiwa Secs.	11.375

* Not yet priced. ‡ Final terms. ** Placement. † Floating rate note. ф Minimum. § Convertible. †† Registered with U.S. Securities and Exchange Commission. ¶ Purchase Fund. Note: Yields are calculated on AIBD basis.

U.S. BONDS

BY PAUL BETTS

Money surge unsettles market

WALL STREET spent the weekend absorbing the shock that sent it reeling late on Friday when the Federal Reserve reported a record leap in the weekly U.S. money supply figures just before the market closed. The initial reaction of dealers and analysts was one of total disbelief, although a bulge in the two most closely watched weekly money supply indicators —M1-A and M1-B—had been expected, the $8.2bn increase in M1-A and the $8.9bn surge in M1-B in the week ended August 6 came as an unpleasant surprise.

The record increases immediately sent bond prices tumbling and interest rates on short-term securities rising. Analysts also predicted that in the short term at least bond prices would probably drop further and interest rates rise higher when the market reopens today. A sizeable increase in the weekly money supply growth had been expected by the market in view of technical factors including some $5.5bn in social security benefits paid the week before.

The same thing occurred last May when the weekly money supply rose by the previous record of $6bn as a result of social security payments. Even so, many analysts suggested that the social security payments could not on their own have accounted for the eccentric rise of more than $8bn.

The key question Wall Street was thus asking at the weekend was how the Fed, which has been seeking to control the growth in the money supply to contain inflation, now react in the face of the latest stunning figures.

The Fed may well be unmoved by the figures because of its own technical understanding of the situation. Indeed, there may well be a combination of perfectly reasonable technical explanations for the freakish figures which would prompt no revision of current tactics on the part of the Fed, but the majority view none the less seems to be that the Fed would probably have to respond by tightening credit should there not be a significant correction in next week's figures.

There is also concern over the Federal Government's heavy borrowing programme which could further swell the money supply in the third quarter. With Wall Street generally sharing this view, some analysts claim the market is likely to expect possible Fed intervention sending interest rates up again next week.

Meanwhile, on Friday the Fed released the minutes of its Open Market Committee meeting at the beginning of last month. These disclose that the central bank intended to stick to its original money growth targets for this year, although allowing the money supply to rise more quickly in the third quarter to make up for the slowdown in the first five months of the year. Such an expansion is clearly underway, but analysts indicated it was now running above the upper limit of the Fed's target for the year.

Apart from the weeklyy M1A and M1B indicators, the broader M2 monthly measure rose by 16.8 per cent in June and July, well above the target range.

Moreover, the related wholesale price index, also released on Friday, has fuelled Wall Street fears that the Fed may have got its sums wrong and may now have to intervene by draining money from the market to check too steep a rise in the money supply.

Last month the wholesale price index leapt by 1.7 per cent, the largest monthly increase in nearly six years. Although the sharp increase was largely attributed to food prices as a result of the summer's drought, it none the less provides little encouragement on the inflation front.

U.S. INTEREST RATES (%)

	Week to Aug 15	Week to Aug 8
Fed Funds weekly avge.	8.80	8.74
3-month Treasury Bills ...	8.53	8.42
3-month CDs	9.40	9.20
Treas. 30 year bonds......	10.80	10.62
Long-term AAA utility......	12.13	12.00
Long-term AA industrl. ...	11.75	11.65

Source: Salomon Bros., estimates.

CREDITS

BY FRANCIS GHILES

Tempo quickens in Latin America

THE PACE of lending to Latin America's major borrowers, Argentina, Brazil and Mexico, is hotting up. Well over $1bn worth of credits has been tied up during the past week, or are being so arranged.

But, whereas there are ominous signs that Brazilian borrowers are finding the going hard and may well have to increase spreads, the other two countries continue to borrow on fine terms.

The Argentinian borrower, Yacimientos Petroliferos, has quietly arranged a three-year loan of $300m via Arab Banking Corporation and a small group of Arab and French banks. The borrower is believed to have paid a margin of ½ per cent but the management fees bring the yield up to around ⅝ per cent. Another $100m loan for YPF could be on the way.

The increasingly active role of Arab Banking Corporation has not gone unnoticed in banking circles: indeed the same bank is at present arranging a $300m facility for Brazil's central bank.

The latest loan for a Brazilian borrower, which Bank of Tokyo is organising is to Siderbras: there are doubts as to whether the initial figure of $250m with a margin of 1⅞ per cent for eight years will stick. A smaller amount and a higher spread may be needed to make the loan go.

Meanwhile, Sr. Carlos Langoni, president of Brazil's central bank, has categorically denied that Brazil is thinking of arranging a jumbo loan in the Euromarkets at present. He also insists the Brazilian borrowers would never be allowed to raise credit which included a "floating spread."

A number of operations for Mexican borrowers are under way: Empresa Tolteca, a private company, is arranging a three-tranche $300m 10-year financing. A $125m tranche, for which Wells Fargo is agent, will be syndicated. The borrower is paying a split spread of ⅞ per cent for the first two years rising to 1⅛ per cent for the next four, and 1¼ per cent for the remainder.

A second tranche, denominated in Mexican pesos amounting to $17½m, is being arranged by two Mexican banks, Banamex and Banco Comer. Bank of America is arranging the third tranche via private placement in the U.S.—this will be in the form of a 15-year bond.

Meanwhile, the $300m eight-year loan for Fundidora de Monterrey is expected to include a spread of ½ per cent for the first four years rising to ⅝ per cent for the remainder. Bank of America is widely tipped to be the agent bank handling the transaction.

Some uncertainty still hangs over the signing next week of the agreement recently reached between Bolivia and international banks to extend this year's remaining debt maturities until January 5 next year. The banks have agreed to a renegotiating fee of ¼ per cent while Bolivia will pay the original margin on these borrowings, or 1⅞ per cent, whichever is higher.

The second part of the deal is to be a consolidation loan covering the extended 1980 maturities as well as all debt falling due in 1981. It is scheduled to be ready for signing by January 5 and should be backed up by further credit from the IMF. But following recent political events in Bolivia, a question mark now hangs over aid from the World Bank and the IMF.

The long saga of syndicated credit for Bank Handlowy has come to an end. The loan was closed at $325m last Friday after Polska Kasa Opieka, the Polish-controlled bank in Paris, and Moscow Narodny came in as joint lead managers thus bringing up to 10 the number of banks which had underwritten $25m each.

Meanwhile, a $225m loan for five Yugoslav banks led by Bank Beogradska, $125m of which was provided by the World Bank and the rest by international banks, has been completed. The borrower is paying 1⅛ per cent for the first three years rising to 1¼ per cent for the last five. The funds are earmarked for financing the trans-Yugoslav highway.

FT INTERNATIONAL BOND SERVICE

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Brit. Oxygen F. 10¾ 90	50	86¾	87¼	+0⅛	−1⅛	13.16
CECA Grad. Rate 12 86	100	96⅝	96⅞	0	−0⅜	12.04
CECA 11⅜ 90	50	96	97	0	+0¼	12.24
CECA 11½ 88	100	97	97½	0	−0¼	12.04
Citicorp O/S Fin. 10 86	300	91⅞	92⅜	+0⅛	−0¼	11.92
Con. Illinois O/S 9¾ 86	150	90⅜	90⅞	+0⅛	−0⅜	12.05
Denmark 11⅜ 90	100	95⅛	95⅝	0	−1	12.58
Dome Petroleum 13½ 92	50	100⅛	100⅝	0	−0⅜	13.40
EEC 11 95	75	91	91½	0	−1⅛	12.30
EIB 11¾ 92	80	92¾	93¼	0	−1	12.93
EIB 13¾ 90	100	103¾	104¼	0	−0¾	12.97
Eksportfinans 11¼ 87 ...	50	97⅛	97⅝	+0⅛	−0⅛	11.82
Eksportfinans 9½ 87 ...	75	88⅛	88⅝	0	−1⅛	12.03
Elec. de France 10 88...	125	90⅜	90⅞	0	−1⅛	11.89
Export Dv. Cpn. 12⅜ 87	100	102½	103	+0¼	−1	12.10
Export Dv. Cpn. 9½ 86	150	90⅞	91⅜	+0⅛	−0⅞	11.77
Federal Dev. Bk. 12¼ 85	75	101	101½	+0¼	−0¾	11.85
Fin. Exp. Credit 10½ 85	50	96⅛	96⅝	+0⅜	+0½	11.49
Finland Rep. of 9½ 86	100	88⅜	88⅞	+0¼	−1	12.41
Ford O/S Fin. 12⅝ 85...	250	98¼	98¾	0	0	13.03
George Weston 13½ 87	30	100¼	100¾	0	−0⅜	13.35
GMAC O/S Fin. 11 84	100	97⅝	98⅛	+0⅛	−0⅝	11.61
GMAC O/S Fin. 13⅜ 85	100	103¼	103¾	+0⅛	−0¾	12.30
Goodyear O/S 12½ 87...	75	97	97½	+0⅛	0	13.11
Hudson's Bay 11½ 90...	75	93⅜	93⅞	+0⅜	−1⅛	12.65
IBM Canada 10½ 85 ...	50	96⅞	97⅜	+0¼	−0⅝	11.28
ICI Fin. Ned. 11 83......	100	99⅜	99⅞	+0⅝	+0⅞	11.12
McGraw 13½ 85	75	99⅞	100⅜	0	−0⅝	13.41
Norwest Ind. 13⅝ 87 ...	50	99⅝	100⅛	+0⅛	+0¼	13.61
Nova Scotia 10¾ 90 ...	50	91	91½	+0¼	−0⅜	12.32
OKB 10 85	50	94⅝	95⅛	−0⅛	−1¼	11.41
Pembroke Capital 9⅜ 87	100	90⅞	91⅜	−0⅛	−1⅛	11.55
Pemex 11½ 88	100	94	94½	0	−1½	12.68
Quebec Hydro 11½ 92...	100	93⅛	93⅝	+0⅜	−0¼	12.59
Repsteel O/S 11½ 88...	100	89½	90	+0⅛	−0⅝	13.69
Roylease Ltd. 11¼ 85 ...	50	98¼	98¾	+0¼	−0⅛	11.65
SNCF 12⅜ 85	50	102⅜	102⅞	0	−0⅛	11.59
Swed. Ex. Cred. 12½ 85	40	100	100½	0	−1⅛	12.38
UB Finance BV 11 90...	50	86⅞	87⅜	0	−0⅞	13.41
Unilever NV 9¾ 90	100	87⅝	88⅛	+0¼	−0⅜	11.89
World Bank 9¾ 85	200	93¾	94¼	−0⅛	−1⅛	11.41
World Bank 10⅜ 87......	300	93¾	94¼	0	−1	11.52

Average price changes... on day +0⅛ on week −0¾

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Akzo 9 90	125	102¾	103½	−0⅛	+0⅜	8.51
Australia 8¼ 90	250	102¾	103¼	0	−0½	7.66
BFCE 7¾ 87	100	100	100¾	−0¼	−0¼	7.66
BFCE 8⅜ 95	100	100¾	101½	−0¼	−0½	8.03
Brazil 8 87	150	92½	93¼	+0⅛	−0½	9.44
Council of Eur. 7¾ 89...	100	96⅛	96⅞	0	0	7.81
Denmark 7⅞ 86	100	99⅜	100⅛	0	+0⅜	7.94
Denmark 8¾ 92	100	99½	100¼	−0¼	−0¼	8.27
EEC 7½ 94	225	99	99¾	0	−0⅜	7.94
Iberduero 9 90	100	99	99¾	+0¼	+0½	9.10
Finland Rep. of 8 86...	150	99⅝	100⅜	−0½	−0⅝	7.98
Kobe, City of 7¾ 89 ...	150	96	96¾	+0⅛	0	7.69
Kobe, City of 8 90	100	100⅜	101⅛	0	0	7.88
Mt. Bk. Denmark 8½ 90	150	100¼	101	−0¼	−0⅛	8.40
Norway 7½ 85	250	101¼	102	+0⅛	+1	7.04
OKB 7⅜ 89	100	96⅛	96⅞	0	−0⅛	7.92
OKB 8¾ 92	150	100⅞	101⅝	0	+0½	8.08
Oslo, City of 8¾ 90 ...	80	102⅝	103⅜	−0⅛	+0¼	8.27
Sweden 9¾ 87	200	107½	108¼	−0⅛	−0⅝	8.15
World Bank 8 90	700	†100	101	+0¼	0	7.92
World Bank 7⅞ 90	250	99⅛	99⅞	+0⅛	0	7.94
World Bank 10 86	150	108¾	109½	0	−0⅛	8.01
World Bank 10 90	200	112⅜	113⅛	−0⅛	+0⅞	8.01

Average price changes... On day 0 on week 0

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Argentina 5½ 89	80	†91½	92	−0⅛	−0½	6.76
Bergen, City of 4¾ 91...	40	93⅛	93⅝	0	+0⅛	5.58
Bergen, City of 6 90 ...	50	103⅞	104⅜	+0¼	0	5.44
BNDE 5 89	75	†84	84½	+0⅛	−1	7.48
BMW Overseas 4¾ 91...	100	92¼	92¾	−0⅛	−0¼	5.15
Buhrm'n-Tetterode 7 90	40	105⅝	106⅛	+0½	+0⅛	6.17
Caisse Nat. Tele. 4¾ 89	100	94½	95	+0¼	0	5.12
Copenhagen 4½ 91	80	88¼	88¾	+0⅛	−0⅞	5.94
Council of Eur. 5 89 ...	100	95⅜	95⅞	0	+0½	5.61
Denmark 5¼ 90	80	100⅝	101⅛	+0¼	+0¼	5.63
EIB 4⅜ 94	100	†87½	88	+0⅛	−0⅛	5.86
Elet. de France 4¾ 89...	100	94¼	94¾	−0⅛	+0⅛	5.16
F. G. H. Hypo. Bk. 6 90	50	†104	104½	0	+1½	5.45
GZB 4¼ 89	100	90½	91	0	+0½	5.56
Hilti 4½ 91	35	†94½	95	0	+0⅜	4.87
Int.-Amer. Dev. 4½ 89...	100	†91½	92	0	0	5.70
Int.-Amer. Dev. 7 90...	80	106	106½	0	+0⅛	6.12
Jutland Tele. 5½ 90 ...	50	99	99½	+0⅛	−0⅛	5.60
Malaysia 5 89	80	88¾	89¼	+0⅛	+0¼	6.64
Nowag 5¾ 90	80	102½	103	+0⅞	+0⅞	5.38
Nippon Tel. & T. 4¾ 89	100	*†95	96	+0½	+0⅝	4.87
Nordic Bank 5 89	45	98⅝	99⅛	+0⅝	+1⅞	5.14
Norges Komm. 4¾ 91...	100	†91½	92	0	−0½	5.36
OKB 4⅜ 91	100	91¼	91¾	0	−0⅛	5.41
OKB 6 90	100	103⅜	103⅞	+0⅛	+0¼	5.50
Oslo, City of 4¾ 91 ...	100	†89	89½	0	0	5.70
Sekisui Pre. Hms. 6 90	80	102⅞	103⅜	+0⅛	+0⅜	5.58
Shikoku El. Pwr. 4¾ 89	100	95¼	95¾	−0⅛	−1¼	5.39
World Bank 4⅜ 89	100	96¼	96¾	+0⅛	+0½	5.12
World Bank 4⅛ 89	150	†91	91½	0	+0¼	5.63
World Bank 4⅝ 91	100	†90½	91	0	−0½	5.76

Average price changes... On day +0⅛ on week 0

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Australia 5.6 83	30	92	93	0	0	8.40
Australia 6½ 88	20	87⅞	89½	+0⅛	0	8.63
EIB 7¾ 89	12	96⅛	97⅛	0	+0⅞	8.25
Finland 5.6 83	10	91⅜	92⅜	0	+0¼	8.56
Finland 6.8 88	10	87⅝	89⅛	0	−0½	8.96
Finland, Rep. of 8⅜ 87	15	96⅞	97⅞	0	+0½	8.89

Average price changes... On day 0 on week +0⅛

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Bell Canada 10¾ 86 C$	60	93½	94	+0½	0	12.24
CIBC 13½ 85 C$	50	†102	102½	+0½	+0⅛	12.79
CIBC 11½ 85 C$	60	†95¾	96¼	+0¼	−0⅜	12.63
Federal Dev. 11½ 90 C$	60	†93¼	94	+0⅜	−0⅜	12.65
Fst. Can. Inv. 10 84 C$	50	†93	93½	+0½	+1⅛	12.32
GMAC 12 85 C$	50	†97½	98	+0¼	0	12.62
R. Bk. Canada 10 86 C$	40	92¼	92¾	+0⅛	−0⅛	11.85
Tordom Cpn. 13½ 85 C$	30	†102⅛	102⅝	+0⅝	+0⅛	12.76
M. Bk. Dnmk. 9 91 EUA	25	*93⅞	95⅛	0	+0⅜	9.82
SOFTE 8¼ 89 EUA	40	*88½	89⅜	0	0	10.25
U. Bk. Nrwy. 9½ 90 EUA	18	*99	100¼	0	+0¼	9.54
Algemene Bk. 8⅜ 84 Fl	75	96¼	96¾	−0⅛	−0⅛	9.31
Algemene Bk. 10¾ 87 Fl	400	100¾	101¼	0	−0⅛	10.03
Bk. Mees & H. 10 85 Fl	75	100	100½	+0⅛	−0⅛	9.93
Heineken NV 10 87 Fl	75	100¾	101¼	0	−0⅛	9.79
Ned. Gasunie 8¾ 84 Fl	50	98⅞	99⅜	−0½	−1⅛	9.01
Norway 8⅜ 84 Fl	100	96⅝	97⅛	0	−0⅛	9.15
Philips Lamps 8⅜ 84 Fl	75	96½	97	+0¼	−0⅛	9.37
Air France 11 84 FFr ...	120	*96½	97½	+0⅛	+0⅝	11.96
CECA 14¼ 86 FFr	150	*105¾	106½	0	0	12.59
Finland 11 84 FFr	80	*95½	96½	0	+0⅛	12.25
Finland 11½ 89 FFr ...	70	*93½	94½	0	+0⅛	12.62
Gaz de France 11 84 FFr	150	*†95½	96½	0	+0⅛	12.24
IBM France 11⅞ 84 FFr	120	*97¼	98¼	0	+0⅛	12.52
Renault 9¾ 85 FFr	100	*†87¼	88¼	−0⅛	−0½	13.30
Saint-Gobain 9¾ 88 FFr	130	*86½	87½	+0⅛	+0⅛	13.08
Solvay et Cie 9¾ 87 FFr	125	*85½	86½	+0¼	+0½	12.98
Utd. Mex. Sts. 14 85 FFr	150	*†101	102	+0⅝	+2½	13.51
Beneficial Fin. 14¼ 90 £	20	98½	98⅞	+0½	−1½	14.49
Citicorp O/S 13½ 90 £	50	98¼	98¾	−0¼	−1¼	13.75
EIB 11½ 91 £	25	90¾	91½	+0½	−1	13.06
Fin. for Ind. 12½ 89 £	30	95¾	96¼	+0¼	−0⅞	13.28
Fin. for Ind. 14½ 88 £	20	101½	102	+0⅝	−2	14.06
Peugeot SA 14 90 £ ...	23	98⅝	99⅛	+0⅛	−0½	14.21
Swed. Ex. Cr. 15⅜ 85 £	20	102⅞	103⅜	+0¼	−0⅝	14.22
Banobras 8¼ 90 KD......	7	†95½	95⅛	0	0	8.97
CCCE 8⅜ 91 KD	10	†93⅞	94⅜	0	0	9.00
Sonatrach 8½ 90 KD ...	12	†94⅝	96⅛	0	0	9.31
Akzo 9¾ 87 LuxFr	600	*95⅛	96⅛	0	−0¼	10.12
Euratom 8 87 LuxFr ...	500	*89½	90½	−0½	−0⅝	10.22
Euratom 9¾ 88 LuxFr ...	500	*98⅛	99⅛	0	0	9.95
EIB 9¾ 88 LuxFr	600	*98¾	99¾	+0¼	+0¼	9.87
Volvo 9¾ 87 LuxFr	500	*96½	97½	0	−0⅛	10.39

FLOATING RATE NOTES	Spread	Bid	Offer	C.dte	C.cpn	C.yld
Allied Irish Bk. 5¾ 87	0⅛	98⅛	98⅝	2/1	10.44	10.60
Bank of Ireland 5¾ 89	‡0¼	97¾	98¼	21/8	11.81	12.05
Bank of Tokyo 5¾ 89...	‡0¼	96¾	97¼	25/10	16.56	17.07
Barclays O/S Inv. 5 90	0¼	97⅛	97⅝	13/12	9⅝	9.88
Bergen Bk. A/S 6 89	‡0¼	97	97½	29/8	10	10.28
Bilbao Int. NV 5¾ 90 ...	0¼	96½	97¼	29/11	10.06	10.39
Citicorp O/S F. 83 ...	§‡0	99	99½	23/8	10.19	10.26
Citicorp O/S F. 84	‡0	98½	99	30/7	9.69	9.81
C. Itoh 5⅛ 87	0¼	98	98½	18/9	19.44	19.58
Co-operative Bk. 6 86...	0½	98	98½	15/11	11.44	11.64
Creditanstalt 5½ 91 ...	§‡0¼	97	97½	14/9	9.44	9.70
CNT 5¾ 86	§0⅛	100⅛	100⅝	16/10	18⅛	18.06
GZB 5½ 89	‡0⅛	97⅝	98⅛	1/11	9.81	10.03
Jugobanka 8 89	0⅞	90	92	23/11	11⅜	12.77
Ind. Bank Japan 5¼ 87	0¼	99½	100	15/10	18¾	18.80
Lloyds Eurofin 8 90 £	0⅛	96¾	97¼	3/1	15¼	16.24
LTCB Japan 5¾ 86	0⅛	98¼	98¾	13/12	9⅝	9.78
LTCB Japan 5½ 89	0¼	98	98½	7/12	10⅛	10.31
Mfrs. Han. O/S 5¾ 94	‡0⅛	97⅛	97⅝	31/8	9⅞	10.14
Midland Intl. Fin. 5 89	0¼	97⅞	98⅜	20/12	9½	9.68
Midland Intl. Fin. 5¾ 92	0¼	98	98½	6/12	10⅞	11.07
Nacional Fin. 6¼ 88 ...	0⅛	97½	98	25/1	9.69	9.91
Nat West 5¾ 94	§0¼	99⅜	99⅞	11/10	18⅝	18.70
Nippon Credit 6½ 86 ...	0⅛	97⅜	97⅞	12/1	9.56	9.80
Nippon Credit 5¾ 87 ...	‡0⅛	98	98½	6/11	10⅞	11.07
Royal Bk Scot 5¾ 94...	§‡0⅛	98⅛	98⅝	11/10	9.31	9.47
Soc. C. de Bque. 6½ 87	0¼	99⅜	99⅞	3/10	20.06	20.14
Standard Chart. 5½ 90	0⅛	98⅞	99⅜	6/9	17¼	17.40
Svenska Hndlsbk. 5 87	0¼	98¼	98¾	15/1	10	10.15
Sweden 8¼ 91	‡0⅛	96	96½	18/10	18⅝	19.35
Williams & Glyn 5¾ 91	0⅛	98¼	98¾	14/9	18½	18.78
Bq. S. d'Alg. 4¾ 89 SF	0⅛	†89¾	90½	18/12	6⅞	6.80

Average price changes... On day 0 on week 0

CONVERTIBLE BONDS	Cnv. date	Cnv. price	Bid	Offer	Chg. day	Prem
AGA Akt'bolag 7¾ 89...	10/79	145	†118	119	0	−8.28
Ajinomoto 7¾ 95	2/80	615.6	114¾	115⅝	+0⅛	−4.09
Alco Int. Fin. 9½ 94 ...	1/80	40	94½	96	0	21.92
Apache I. Fin. 8¾ 95...	12/80	21.12	112¼	113½	−2⅛	−0.65
Asahi Optical 7 94	11/79	526.1	97¾	98¾	−0¼	−2.91
Blocker Energy 8¾ 95...	1/81	21.87	94⅞	95⅞	−0⅛	17.54
Canon 6⅝ 94	8/79	570	112¼	113¼	+0¼	0.87
Credit Suisse 4¾ 93	10/79	1278	109¾	111¼	+2	−1.13
Daiei Inc. 6½ 94	11/79	927.3	98⅛	99⅜	+0⅛	30.22
DDKK 11 90	4/80	324	106	107	+0⅛	14.52
Dynalectron 9½ 95	8/80	12.22	†106½	107½	+0½	−2.28
Ensearch Fin. 9½ 94 ...	7/80	30.25	127¾	129	+7⅞	0.89
Meidensha Elec. 7 94...	12/79	210	102¾	103½	−0¼	11.32
MEPC 8¾ 96	2/81	2.47	103	103¾	+0⅞	12.43
Mitsubishi Cp. 6½ 94...	10/79	549.1	126⅝	128¼	+2	2.73
Nippon Seiko 7¾ 94 ...	12/79	339	†109	110	+0¾	0.27
SBC 6¾ 90	9/80	200	99⅛	99⅞	0	2.08
Toshiba Cpn. 7¾ 94 ...	10/79	198	101½	102½	+0⅛	1.82
Union Bk. Switz. 5 89...	2/80	121.4	97¾	98½	−0½	2.75
Fujitsu 5 84 DM	7/79	475	104¾	105¾	+0½	−0.25
Kansai Elec. 4 84 DM,...	4/79	1210	†88¾	89¾	−0⅛	42.22
Sharp Cpn. 6½ 88 DM...	9/80	585	106½	107½	−0⅛	4.29
Uny Co. 6½ 85 DM	11/79	1071	97⅝	98⅝	+0⅛	23.15

BONDTRADE INDEX AND YIELD

	Medium term		Long term	
Aug. 15 ...	91.79	10.23	80.40	11.37
Aug. 8 ...	92.07	10.12	80.95	11.26
High '80...	93.58	(18/6)	89.19	(2/1)
Low '80 ...	86.32	(2/4)	71.54	(29/2)

EUROBOND TURNOVER (nominal value in $m)

U.S. $ bonds	Cedel	Euroclear
Last week	556.4	1,628.6
Previous week ...	727.4	2,440.8
Other bonds		
Last week	341.4	514.3
Previous week ...	606.2	606.2

* No information available—previous day's price.

† Only one market maker supplied a price.

STRAIGHT BONDS: The yield is the yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week = Change over price a week earlier.

FLOATING RATE NOTES: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C.dte = Date next coupon becomes effective. Spread = Margin above six-month offered rate (‡ three-month; § above mean rate) for U.S. dollars. C.cpn = The current coupon. C.yld = The current yield.

CONVERTIBLE BONDS: Denominated in dollars unless otherwise indicated. Chg. day = Change on day. Cnv. date = First date for conversion into shares. Cnv. price = Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem = Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

The list shows the 200 latest international bonds for which an adequate secondary market exists. The prices over the past week were supplied by: Arab Company for Trading Securities SAK; Kredietbank NV; Credit Commercial de France; Credit Lyonnais; Commerzbank AG; Deutsche Bank AG; Westdeutsche Landesbank Girozentrale; Banque Generale du Luxembourg SA; Banque Internationale Luxembourg; Kredietbank Luxembourg; Algemene Bank Nederland NV; Pierson, Heldring and Pierson; Credit Suisse/Swiss Credit Bank; Union Bank of Switzerland; Akroyd and Smithers; Bankers Trust International; Bondtrade; Credit Commercial de France (Secs.) London; Citicorp International Bank; Daiwa Europe NV; Deltec Trading Company; Dillon, Read Overseas Corporation; EBC; First Chicago; Goldman Sachs International Corporation; Hambros Bank; IBJ International; Kidder Peabody International; Merrill Lynch; Morgan Stanley International; Nesbitt Thomson; Orion Bank; Salomon Brothers International; Samuel Montagu and Co.; Scandinavian Bank; Strauss Turnbull and Co.; Sumitomo Finance International; S. G. Warburg and Co.; Wood Gundy.

Closing prices on August 15

WORLD STOCK MARKETS

NEW YORK

Indices

NEW YORK —DOW JONES

	Aug. 15	Aug. 14	Aug. 13	Aug. 12	Aug. 11	Aug. 8	1980 High	1980 Low	Since Cmpil't'n High	Since Cmpil't'n Low
♦Industr'ls	966.72	962.66	949.23	952.39	964.08	954.69	966.72 (15/8)	759.13 (21/4)	1051.70 (11/73)	41.22 (2/7/32)
H'me B'nds	70.24	70.44	70.54	70.58	70.77	70.95	78.61 (25/6)	66.87 (28/3)	—	—
Transport	321.33	320.28	313.76	316.12	317.05	316.17	321.37 (15/8)	233.69 (27/3)	321.57 (15/8/80)	12.23 (8/7/32)
Utilities	111.03	110.56	110.19	110.45	110.26	110.41	115.88 (8/7)	96.04 (27/3)	166.32 (20/4/69)	10.52 (28/4/42)
Trading Vol. 000's	47,780	47,700	44,350	52,050	44,690	58,860	—	—	—	—

Day's high 972.35 low 956.31

	Aug. 8	Aug. 1	July 25	Year ago (approx)
Ind. div. yield %	5.64	5.69	5.76	5.64

STANDARD AND POORS

	Aug. 15	Aug. 14	Aug. 13	Aug 12	Aug. 11	Aug. 8	1980 High	1980 Low	Since Cmpil't'n High	Since Cmpil't'n Low
‡Indust'ls	142.86	142.31	139.88	140.48	141.75	140.26	142.86 (15/8)	111.09 (27/7)	142.86 (15/8/80)	3.52 (30/6/32)
‡Composite	125.72	125.25	123.28	123.79	124.78	123.61	125.72 (15/8)	98.22 (13.2)	125.86 (11/1/73)	4.40 (1/6/32)

	Aug. 6	July 30	July 23	Year ago (approx.)
Ind. div. yield %	4.81	4.79	4.79	5.13
Ind. P/E Ratio	8.19	8.23	8.20	8.21
Long Gov. Bond Yield	10.71	10.57	10.14	8.85

N.Y.S.E. ALL COMMON

Aug. 15	Aug 14	Aug. 13	Aug. 12	1980 High	1980 Low
72.07	71.81	70.66	70.92	71.81 (14/8)	55.30 (27/3)

Rises and Falls	Aug 15	Aug. 14	Aug. 13
Issues Traded	1,517	1,889	1,888
Rises	694	1,102	667
Falls	518	434	787
Unchanged	305	353	434
New Highs	—	137	71
New Lows	—	2	2

MONTREAL	Aug. 15	Aug. 14	Aug. 13	Aug. 12	1980 High	1980 Low
Industrial	398.85	401.55	400.76	400.68	423.80 (29/2)	328.21 (27/3)
Combined	371.59	372.55	371.21	371.25	378.90 (29/2)	298.90 (27/3)
TORONTO Composite	2256.6	2258.8	2241.5	2239.5	2258.8 (14/8)	1702.6 (27/3)

	Aug. 15	Aug. 14	Aug. 13	Aug. 12	1980 High	1980 Low
AUSTRALIA						
Sydney All Ord. (1936/39)	962.03	954.65	952.73	953.71	962.03 (15/8)	760.00 (2/1)
Metals & Minls (1936/39)	6201.36	6126.01	6086.75	6120.01	6680.95 (14/2)	4591.26 (28/3)
AUSTRIA						
Credit Aktien (2/1/62)	(c)	67.52	67.53	67.66	69.40 (7/1)	66.85 (25/6)
BELGIUM						
Belgian SE (31/12/63)	(c)	96.47	95.21	96.69	105.76 (11/2)	90.14 (31/3)
DENMARK						
Copenhagen SE (1.1/73)	85.49	85.99	86.84	87.20	87.20 (12/8)	74.78 (5/3)
FRANCE						
CAC General (29/12/61)	(c)	109.3	109.1	109.5	117.8 (22/2)	97.1 (3/1)
Ind Tendance (28/12/79)	(c)	114.3	113.6	113.9	114.3 (14/8)	95.8 (5/1)
GERMANY						
FAZ-Aktien 31/12/58	255.16	255.24	256.54	257.69	258.59 (25/2)	212.73 (28/3)
Commerzbank (Dec. 1953	*740.0*	*740.5*	*743.7*	*747.3*	*749.2 (25/2)*	*687.0 (27/3)*
HOLLAND						
ANP-CBS General (1970)	87.0	86.6	87.2	87.8	88.0 (25/7)	74.0 (27/3)
ANP-CBS Indust. (1970)	66.4	66.4	67.0	67.7	68.2 (11/1)	59.2 (28/3)
HONG KONG						
Hang Seng Bank (31/7/64)	1177.57	1172.84	1162.80	1156.41	1177.57 (15/8)	738.9 (19/3)
ITALY						
Banca Comm. Ital (1972)	(c)	(u)	118.22	117.75	118.22 (13/8)	83.11 (2/1)
JAPAN						
Dow Average (16/5/49)	6856.81	6824.00	6834.32	6801.68	6904.81 (25/4)	6475.95 (27/3)
Tokyo New SE (4/1/68)	475.35	474.39	474.51	471.60	475.35 (15/8)	448.01 (10/3)
NORWAY						
Oslo SE (1/1/72)	128.49	127.89	126.57	126.87	144.70 (14/2)	110.12 (28/3)
SINGAPORE						
Straits Times (1966)	586.31	593.31	586.70	(c)	593.51 (14/8)	429.75 (3/1)
SOUTH AFRICA						
Gold (1958)	—	783.1	766.4	744.3	783.1 (8/8)	649.5 (2/7)
Industrial (1958)	—	602.9	600.8	601.0	602.9 (14.8)	456.0 (2/1)
SPAIN						
Madrid SE (28/12/78)	(c)	104.53	104.25	104.07	104.53 (14/8)	93.76 (13/5)
SWEDEN						
Jacobson & P. (1/1/58)	370.99	370.24	370.38	370.86	386.96 (8/2)	334.72 (17/1)
SWITZERLAND						
SwissBankCpn. (31/12/58)	314.1	311.7	310.7	310.1	317.9 (11/2)	276.0 (28/3)
WORLD						
Capital Intl. (1/1/70)	—	150.1	148.7	148.9	150.1 (14/8)	120.5 (27/3)

Base values of all indices are 100 except NYSE All Common—50; Standard and [illegible] based on 1975. † Excluding bonds [illegible] Utilities, 40 Financials and 20 T[illegible]

NEW YORK ACTIVE STOCKS

Friday	Stocks traded	Closing price	Change on day		Stocks traded	Closing price	Change on day
Gulf & Western	926,800	19¾	+½	Mobil	517,100	71½	−⅜
Warner-Lambert	337,000	21	+¼	IBM	514,800	68¾	−⅛
Tesoro	758,900	26	−¼	Louisiana Land	451,400	50	+1⅛
Sony	743,600	11⅞	−⅛	Occidental Pet.	442,200	27	+⅛
Amer. Tel. & Tel.	522,400	53¼	+⅛	Storage Tech.	423,300	21	+⅛

CANADA

HOLLAND

HONG KONG

JAPAN

ITALY

NORWAY

SWEDEN

SWITZERLAND

AUSTRALIA

SINGAPORE

SOUTH AFRICA

Financial Rand US$0.82½ (Discount of 37½%)

BRAZIL

TEL AVIV

FRANCE

AUSTRIA

BELGIUM/LUXEMBOURG

GERMANY

DENMARK

هكذا من الأصل

Thief-stops cut premiums

BY OUR INSURANCE CORRESPONDENT

FREQUENTLY, as pre-requisite to providing cover against loss through crime, insurers insist on the installation of various anti-theft devices or the employment of security organisations to protect premises or to carry money or valuables. Where there is no stipulation, commercial policyholders may be able to reduce premiums by agreeing to improve security.

For the policyholder, just as much as for insurers, there is no purpose in employing a security company that has no regard to its own internal security, no regard for the establishment of the integrity of its employees and no regard for the quality of the products it makes or installs. High standards are essential.

Fortunately, British security companies are conscious of their obligations. Thirteen years ago, several decided to form a trade association— the British Security Industry Association—and this now represents about 90 per cent by volume of turnover of the British security industry. There are 75 member-companies divided, by the services they offer, into five groups—alarm manufacturers, alarm systems (the installers), guard and patrol, safe and lock, and transport.

The BSIA has issued a leaflet dealing with the guard and patrol services offered by members, and this shows how strict members must now be in screening prospective employees. Screening costs time and money—but there are no short cuts, since from the customer's viewpoint, the acid test of a security company's worth is the quality and character of its employees.

Screening now has to cover a 20-year period, and a minimum of ten years should be covered before the prospective employee is taken on probation. His probationary period should not last more than four months, and during that time the full 20 years' screening should be completed. This screening procedure must be carried out, whatever the prospective employee's previous job, and even if he has been employed by another BSIA member.

All the screening in the world does not prevent an employee, once he is in the company, from giving way to criminal temptations. Consequently, supervision of a high quality is required at all times, if possible to spot in advance those employees who may be becoming security risks.

Beyond screening and supervision, as is now customary with most trade associations, there is a rule that each company must have proper liability insurance cover for the protection of customers.

If the company has done its screening properly, and exercised adequate supervision, the customer may find it difficult to sue the security company for negligence. Moreover, the security company may be able to protect its position by contractual exclusions of the kind considered recently by the House of Lords in *Photo Production v. Securicor Transport*, the provisions of the Unfair Contract Terms Act notwithstanding.

Here as elsewhere, the requirement of liability insurance only ensures the payment of compensation if the law fixes the alleged wrongdoer with liability.

BUSINESSMAN'S DIARY

UK TRADE FAIRS AND EXHIBITIONS

Date	Title	Venue
Current	British Music Fair (01-855 9201) (until Aug. 23)	Olympia
Current	The Piano and Electronic Organ Trade Fair (01-428 1590) (until Aug. 20)	The Connaught Rooms, London, WC2
Aug. 20-23	Ideal Home and Trade Exhibition (06333 64538)	Leisure Centre, Pontypool
Aug. 20-25	Modern Homes Exhibition (0253 54676)	Guildhall, Preston
Aug. 23-25	Trade and Entertainments Exhibition (0689 36431)	Moat Park, Maidstone
Aug. 23-30	International Motor Cycle Exhibition (0203 27427)	Earls Court
Aug. 31-Sept. 4	Giftware and Fashion Accessories Trade Fair (08833 4371)	Bristol Exhibition Centre
Aug. 31-Sept. 4	International Watch, Jewellery and Silver Trades Fair (01-837 3636)	Earls Court
Sept. 1-4	International Environment and Safety Exhibition and Conference (0727 55574)	Wembley Conference Centre
Sept. 1-5	London Nursing Exhibition and Conference (01-643 8040)	Royal Festival Hall
Sept. 2-5	International Carpet Fair (021-705 6707)	Harrogate
Sept. 7-12	International Hardware Trades Fair (0727 63213)	Olympia
Sept. 9-11	Laboratory '80 (0799 22612)	Grosevnor House, W1
Sept. 9-20	Chelsea Antiques Fair (0727 56069)	Chelsea Town Hall
Sept. 11-19	International Printing Machinery and Allied Trades Exhibition—IPEX (021-705 6707)	National Exhibition Centre, Birmingham
Sept. 14-17	MAB '80 International Menswear Fair (01-839 5041)	Earls Court

OVERSEAS TRADE FAIRS AND EXHIBITIONS

Date	Title	Venue
Aug. 19-Sept. 4	International Fisheries Fair	Oslo
	International Exhibition of Agriculture and Food Industry—OMEC	Budapest
Aug. 20-Sept. 20	International Fair	Izmir
Aug. 22-24	Wellington Home Show	Wellington, New Zealand
Aug. 23-27	World Woodworking Exposition	Atlanta
Aug. 26-29	Offshore North Sea Technological Conference and Exhibition	Stavanger
Aug. 30-Sept. 3	International Bridge and Structural Engineering Exhibition	Vienna
Sept. 4-9	Jewellery, Gold, Silver, Clocks and Gifts Exhibition—BIJORHCA	Paris
Sept. 6-9	Ready-to-Wear Women's Clothing Fair (01-439 3964)	Paris
Sept. 6-9	International Leather Week (01-439 3964)	Brno
Sept. 10-18	International Engineering Fair (01-278 0281)	Zagreb
Sept. 12-21	International Autumn Fair (01-486 1951)	
Sept. 16-20	International Tunnelling Industries Exhibition and Conference—EUROTUNNEL (0727 63213)	Basle
Sept. 17-26	International Office Equipment Exhibition—SICOB (01-439 3964)	Paris
Sept. 18-Sept. 23	International Exhibition for Automobile, Motor Car Workshop, Service Station and Garage Equipment—AUTOMECHANIKA (01-734 0543)	Frankfurt
Sept. 19-24	International Food Industry and Non-Food Products Exhibition—IKOFA (01-486 1951)	Munich

BUSINESS AND MANAGEMENT CONFERENCES

Date	Title	Venue
Current	Bacie: Overseas Training Officers Programme (01-636 5351) (until Oct. 24)	Oxford
Current	University of Western Ontario: The 1980 International Symposium on Solar Energy Utilization (until Aug. 24)	Ontario, Canada
Current	CEI: International Financial Management Seminar (until Aug. 22)	Geneva
Aug. 18-19	The British Institute of International and Comparative Law: Multinational Corporations and the International Law Standard (01-636 5802)	Royal Garden Hotel, W8
Aug. 26-28	FT Conference: Aerospace into the Eighties and Beyond (01-621 1355)	Royal Lancaster Hotel, W2
Aug. 28-29	BIM: Rapid and Efficient Reading (01-405 3456)	Parker Street, WC2
Sept. 1-3	Brunel Institute of Organisation and Social Studies: Understanding Production for non-production managers (0895 56461)	Uxbridge
Sept. 3	*Cyril Aydon Associates: Current Cost* Accounting—the New Standard (seminar for financial specialists only—Banbury 720124)	Stratford-on-Avon
Sept. 4-5	FT Conference: The new Sri Lanka—Opportunities for Business (01-621 1355)	Colombo
Sept. 7-12	European Marketing Association: Marketing Management (021 742 4141)	University of Birmingham
Sept. 8-12	IPM: The Work of the Personnel Department (01-387 2844)	Embassy Hotel, W2
Sept. 10-12	BCPA: Complete Course for Personnel Officers (01-405 1023)	Southampton Row, WC1
Sept. 11	South Glamorgan Institute of Higher Education: Financial Futures—The Cardiff Seminar (0222 492121)	Cardiff Castle
Sept. 15-16	FT Conference: Developing the Annual Company Report (01-621 1355)	Savoy Hotel, WC1
Sept. 16	The Henley Centre for Forecasting: The Demanding Consumer of the '80's (01-353 9961)	London Press Centre
Sept. 17	IPS: Successful Trading in Commodities, Money and Foreign Exchange (0990 23711)	Great Western Royal Hot., W2
Sept. 22-26	IPM: Methods in Interpersonal Skills Training (029383 344)	Horsham, Sussex
Sept. 24	ESC: The Profitable Exploitation of Microprocessors in Instrumentation and Control (057282 2711)	Gloucester Hotel, SW7
Sept. 25-26	AMR International: Its about time management (01-262 2732)	Portman Hotel, W1
Sept. 25	Institute of Management Services: Energy Saving in Transport and Distribution (01-363 7452)	St. Ermin's Hotel, SW1
Sept. 28-Oct. 3	AMD: Export Management (Windsor 56047)	St. John's College, Oxford
Sept. 29-30	AMR International: Positive Discipline (01-262 2732)	Cafe Royal, W1
Sept. 29-Oct. 2	Calus: Cost Engineering (0734 861101)	

APPOINTMENTS

Anglo-American senior posts

THREE NEW directors have been appointed to the Board of the ANGLO AMERICAN CORPORATION, Johannesburg. They are **Dr. J. G. van der Horst, Dr. A. L. Vilakazi** and **Mr. C. J. Saunders.**

Dr. van der Horst is chairman *of the South African Mutual* Life Assurance Society, the Mutual Federal Insurance Company, and several other companies, and on the Boards of many other companies, including SA Breweries, the Nedbank Group and the SA Permanent Building Society. *Mr. Saunders* is chairman of the Tongaat Group and Huletts Corporation and their subsidiary companies, and a director of the Standard Bank of South Africa and other companies. He is a member of the South African Prime Minister's Economic Advisory Council. Dr. Vilakazi is director of the Kwazulu Documentation and Research Centre at the University of Zululand.

★

Mr. L. C. Taylor has been appointed as marine underwriter *to* GEORGE MILLER UNDERWRITING AGENCIES' new marine syndicate No. 527 and will commence underwriting for the 1981 underwriting account. **Mr. P. S. Mallett** will be joining the company as Mr. Taylor's deputy.

★

Mr. Alan Bartlett, formerly of the National Coal Board, has joined COUNTY BANK as a fund manager, investment division.

★

Mr. Arthur E. Milton has been appointed general manager — *Europe at* NORTON CHEMICAL PROCESS PRODUCTS (EUROPE).

★

Following the retirement of Mr. **Richard Mills** as deputy director of the UK and Commonwealth branch, the CALOUSTE GULBENKIAN FOUNDATION has appointed **Mr. Paul Curno** *assistant director* with special responsibility for the foundation's UK social welfare programme until now administered by Mr. Mills, who remains with the branch as part-time consultant for the next 15 months.

★

COATES GAYMERS, the cider making subsidiary of Allied Breweries, has appointed the following: **Mr. Gerald Frost** has become marketing director and **Mr. Robert Grunberg**, general manager of the company's Attleborough, Norfolk, factory, has also become a director.

★

EASTERN STEAMSHIP LINES, INC., has appointed **Mr. Christian J. Mahlstedt** as chairman of the Board and **Mr. Bernard A. Chabot** as president. Mr. Mahlstedt has been president since 1971 and will remain as senior vice president of Gotaas-Larsen, owner of Eastern Steamship Lines. Mr. Mahlstedt will retain his membership on the Board of Royal Caribbean Cruise Lines, Inc., of Miami.

★

Mr. Peter Roberts has been appointed an executive director of GRAY DAWES BANK. He was an assistant regional director with Midland Bank.

★

Mr. Bob Moore has been appointed assistant regional general manager of the City of London regional head office of LLOYDS BANK.

★

JAMES FINLAY AND CO. states that **Mr. R. J. K. Muir** has been appointed to the Board.

★

Mr. Tony Durant, company secretary to the Talking Pictures Group, has been appointed to the main Board of TALKING PICTURES LIMITED.

★

Mr. Graham Turner has been appointed regional secretary of the south western region of the CENTRAL ELECTRICITY GENERATING BOARD. He succeeds **Mr. Mike Carney**, who has become personnal manager of the Board's Midlands region. Mr. Turner will join the region from September 1.

★

At the SCOTTISH EASTERN INVESTMENT TRUST **Mr. Norman Lessels** has been appointed to the Board.

★

Mr. E. Welsh, formerly local director of Smith's Dock, Middlesbrough-based shipbuilding and repair yard, has been appointed production director of SUNDERLAND SHIPBUILDERS, whose company secretary, **Mr. M. F. Boyd**, has also been appointed to the Board.

★

Mr. G. Y. Nisbet, a deputy managing director of the gold division of Anglo American Corporation of South Africa, has been appointed to the Board of the JOHANNESBURG CONSOLIDATED INVESTMENT COMPANY from October 1. Mr. *Nisbet will move to Johnnies'*, where he will become managing director of the gold division.

★

T. H. DIXON AND COMPANY states that **Mr. W. Toone** has been appointed manufacturing director and **Mr. D. Ball** technical and marketing director with overall responsibility for sales and engineering.

★

Mr. Jeremy Taylor has joined the Board of ATV MIDLANDS and has moved to Nottingham as *general manager for the East* Midlands. He will be responsible for setting up the proposed £20m studio complex in the East Midlands in the new franchise period.

★

Mr. G. T. M. Hinds has been elected to the Board of MILES LABORATORIES.

WEEK'S FINANCIAL DIARY

The following is a record of the principal business and financial engagements during the week. The Board meetings are mainly for the purpose of considering dividends and official indications are not always available whether dividends concerne are interims or finals. The sub-divisions shown below are based mainly on last year's timetable.

TODAY
BOARD MEETINGS—
Finals:
Country and District Properties
Denbyware
English Assoc. American Bond and Shareholders
Heath (Samuel)
Impala Platinum
Martin (R. P.)
Vibroplant
Interims:
Baynes (Charles)
Blagden and Noakes
Conder International
Royal Insurance
Sharpe (W. N.)
DIVIDEND & INTEREST PAYMENTS—
Bett Brothers 1.2p
Birmingham Pallet 1p
British Benzol Carbonising 1p
Eucalyptus Pulp Mills 5.25p
Guardian Inv. Tst. Deb. (76-86) 2(1958 issue)pc
May and Hassell 3.3p
Strathclyde Variable Rate Red. 1983 £8.90625

TOMORROW
COMPANY MEETINGS—
London and Midland Industrial, The Portman Hotel, Portman Sq. W. 12.00
International Timber, Towel Hotel, St. Katherines Way, E 12.00
BOARD MEETINGS—
Finals:
Capital and National Trust
Jos Holdings
Kennedy Smale
Meat Trade Suppliers
Restmor
Interims:
American Trust
Clay (Richard)
De Beers Consolidated Mines
Dufay Bitumastic
Dufay Titanine
London Scottish and Marine Oil
Lovell (G. F.)
Ocean Transport and Trading
Smith and Nephew
Tiger Oats and National Milling
Woodhouse and Rixson
DIVIDEND & INTEREST PAYMENTS—
Chamberlain Phipps 2p
Great Northern Telegraph (KR 54) KR 5.4. New Br. (KR 54) KR 2.6. Br. (KR 90) KR 9.0
Irish Distillers 0.88p
Tesoro Petroleum 7.5cts

WEDNESDAY, AUGUST 20
COMPANY MEETINGS—
Antofagasta Railway, Winchester House, 100, Old Broad St., EC. 12.15
Dom Holdings, Great Eastern Hotel, Liverpool St., EC. 12.00
Fairdale Textiles, 54, Baker St., W 12.00
Harris (Philip), Penns Hall Hotel, Walmsley, Sutton Coldfield West Midlands, 12.00.
Unilock, Institute of Chartered Accountants, Moorgate Place, EC. 3.00
Wood and Son, Trent Pottery, Furlong Lane, Burslem, Stoke-on-Trent, 12.00
BOARD MEETINGS—
Finals:
Roan Consolidated Mines
Scottish English and European Textiles
Interims:
International Inv. Tst.
Johnson Group Cleaners
DIVIDEND & INTEREST PAYMENTS—
Caterpillar Tractor 60cts
Dobson Park 1.8975p
Exchequer 11¼pc 1984 5⅝pc
Gillett Brothers Discount 7p
Jones (Ernest) (Jewellers) 1.4p
Lloydstrust Gilt Fund Ptg. Pf. 34p
M and G Recovery Fund 2.9p
Oil and Associated Inv. Tst. 3.01p
Security Pacific Corp. 50cts

THURSDAY, AUGUST 21
COMPANY MEETINGS—
Burtonwood Brewery (Foreshaws), The Brewery, Burtonwood, Nr. Warrington, Cheshire. 11.00
Paterson (R.) 77, Charlotte St., Glasgow, 12.15
Renwick, Renwick House, Brixham Rd., Paignton, 2.30
Scottish and Newcastle Breweries, King James Hotel, St. James Centre Edinburgh, 12.00
BOARD MEETINGS—
Finals:
Copson (F.)
Dale Electric International
Gelfer (A. and J.)
Pullman (R. and J.)
Reliance Knitwear
Interims:
Barclays Bank
Braime (T. F. and J. M.)
First Scottish American Trust
Inv. Trust of Guernsey
Noble and Lund
Royal Dutch Petroleum
Shell Transport and Trading
Whittingham (William)
DIVIDEND & INTEREST PAYMENTS—
Amatil 10cts
Bank of Ireland Floating Rate Notes 1989 US$30.19
Beecham 3.245p
Davenport Knitwear 4.9p
English and New York Tst. Db 2¼pc
Exchequer 10½pc 1997 5¼pc. 3pc 1981 1½pc. 3pc 1983 1½pc
Fairdale Textiles Ord. and A 1.2p
Glasgow Stockholders Tst. Ord. 1.75p. 5pc Pf. 1.75pc
Harris (Philip) 4.05p
Mercantile House 8.5p
Midland Floating Rate Cap. Note 1983 8[illegible]pc
Paterson (R.) 1.41p
Sentrust Beperk 37cts
Trade Development Financial Services NV Floating Rate Notes due 1986 8[illegible]pc
Trans-Natal Coal Corp. 16cts
Treasury 10pc 1992 5pc
Victoria Carpets 0.5p

FRIDAY, AUGUST 22
COMPANY MEETINGS—
Ariel Industries, Omnia Works, Mill Rd., Rugby. 12.00
Brownlee, City Sawmills, Craighall Rd., Port Dundas, Glasgow 12.00
Lennons, Abbotswell Hotel, Crysalton Rd., Chester, 12.00
McLeod Russel, Victoria House, Vernon Place, WC. 12.00
Newman, Dragonara Hotel, Redcliffe Way, Bristol 12.00
Hopkinsons, George Hotel, St. George's Sq., Huddersfield 12.00
BOARD MEETINGS—
Final:
Second Alliance Tst.
Interims:
A1 Industrial Products
Alliance Tst.
Benford Concrete Machinery
Pentland Industries
Ward Holdings
DIVIDEND & INTEREST PAYMENTS—
Anglo-American Secs. 1.3p
Barr (A.G.) 1.25p
Batleys of Yorkshire 1.56p
Bisichi Tin 0.5p
Bootham Engineers 5.5p
Burtonwood Brewery (Foreshaws) 2.82p
Capital Reserve Fund Ptg. Pf. 2.8p
Clydesdale (Transvaal) Collieries Units 30cts
Cope Sportswear 0.8p
Dudley Floating Rate 1982 £9.1094
Evans of Leeds 2p
Exchequer 12½pc 1994 6¼pc
Free State Development and Investment Corp. 25cts
Griqualand Exploration and Finance 7.5cts
Imperial Continental Gas Assn. Cap. 13p
Oldham Floating Rate 1982 £9.1094
Pooner Ord. and A 2.5p
Royal Bank of Canada 64cts
Scapa 3.75p
Somic 1.6827p
Treasury 15pc 1985 7½pc. 11¾pc 1989 5⅞pc
Tribune Inv. Tst. 0.8p

SATURDAY, AUGUST 23
DIVIDEND & INTEREST PAYMENTS—
Lees (J.J.) 1.85p
Lennons 1.47573p

SUNDAY AUGUST 24
DIVIDEND & INTEREST PAYMENTS—
Berec Ln. 3pc
Kensington and Chelsea Variable Rate Red. 1983 £9.0625

CONTRACTS AND TENDERS

SOCIALIST PEOPLE'S LIBYAN ARAB JAMAHIRIYA
Municipality of Misurata

SEWER EXTENSION PROJECT

The Municipality of Misurata invites enquiries from specialist international contractors who wish to tender for the above work.

The work will comprise of the following:
(a) Approximately one hundred (100) kilometres of pipework and the corresponding road works over.
(b) Four (4) pumping stations.
(c) One sewerage treatment plant.

Contractors who are considering tendering for this project should note the following points:

1. A fully-authorised representative of their company can, on presenting a non-returnable sum of five-hundred (500) Libyan Dinars, collect the tender documents at the Municipality of Misurata offices anytime after the 2nd August, 1980. Completed offers to be returned by twelve (12) noon on the 31st January, 1981 (or the first working day in Libya thereafter).
2. The contract will be on an "All Trades" basis and the successful contractor will be responsible for the carrying out of all the Civils, Mechanical, etc. Works.
3. Contractors will provide a short history of their company and authenticated certification of their experience and their ability to undertake this project. Articles of Agreement showing the composition of the company will also be required.
4. The successful tenderer will require to be registered in Libya and will also have an office in Libya. They will also be bound by the current Laws of Libya.
5. The successful tenderer will be required to appoint a Libyan National Company as their agent.
6. Companies offering for this project will submit an initial bank guarantee with their offer. This guarantee will amount to 1% of their tender figure and it will remain valid for a period of 6 months from the closing date for the return of the offers. The offer submitted will remain valid for a period of six (6) months from the closing date stated.
7. All tenders will be submitted under sealed cover and the name of the project, together with the contractor's name and address, will appear on the outside cover and thus any offer which arrives after the date stated will be returned, unopened, to the tenderer. If any tenderer so wishes they may send ONE authorised representative to be present at the opening of the offers on the 31st January, 1981.
8. The successful contractor will be required to sign a performance bond of 5% of the tender amount within fifteen (15) days of being accepted. Failure to comply with this condition will entail the forfeiture of the initial guarantee figure of 1%, stated in point No. 6.
9. Contractors offering to carry out this work must provide a signed pledge to comply with the Arab Boycott of Israel.

CONTRACTS

BBC vision system order goes to Link Electronics

The British Broadcasting Corporation has awarded **LINK ELECTRONICS** a contract worth nearly £750,000 for the design, manufacture and installation of the vision system in a new colour studio at the White City Television Centre. The studio, which has not been used since black and white operation ceased 10 years ago, is to be re-equipped to increase the BBC's studio capacity.

★

The Commission for the New Towns has awarded a £694,214 contract to **CHARLES GREGORY (CIVIL ENGINEERING)** for infrastructure works on the first phase of a new industrial estate in the Weldon area of Corby, Northamptonshire. The work is part of the Commission's overall strategy with the local authority to meet the urgent need for new jobs required as a result of the Corby steelworks closure.

★

£ £400,000 order processing network based on three NCR I-8270 computers and five I-8251 computers is to be installed by the Sellers Group, wholesale electrical distributor, to cover its 16 warehouses.

★

PETROCARBON DEVELOPMENTS, a member of the Burmah Group, has been awarded a contract worth over *£300,000 to design* and supply a high purity nitrogen plant and liquid storage installation for the Occidental oil terminal at Flotta in the Orkneys.

★

PLESSEY RADAR has won an order from the Ministry of *Defence to supply the Meteoro*logical Office with laser-based ceilometers for measuring the height of the cloud base. The order is for 20 ceilometers worth over £300,000. The eventual Ministry of Defence requirement will run to some 140 sets of the equipment. Both civil airports and military airfields in the UK and Germany will be the recipients of some of the ceilometers while others will be deployed at unattended meteorological outstations in the UK in both urban and remote locations.

★

BISHOPSGATE TERMINALS has won a £330,000 order from the Post Office for 300 high-performance Prestel editing terminals, 250 solid-state editing keyboards and 100 user keypads.

★

In a contract valued at over £250,000, station WDHO, Toledo, Ohio, have ordered a 110 kW UHF transmitter fom **PYE TVT** via Philips Broadcast Equipment Corporation of New Jersey. The transmitter will be installed at Jerusalem, Ohio.

★

Following the recent shipment of a large double ender machine to Nigeria, **M. L. SHELLEY AND PARTNERS**, Huntingdon, designer and manufacturer of vacuum-forming machinery, has won an order for another three worth £321,000. The deal was negotiated with Paterson Zochonis (UK), Manchester, for the factory of Thermocool Engineering Company, near Lagos. The machines are used for forming refrigerator door and body liners.

COMPANY NOTICES

GENERAL MOTORS CORPORATION

NOTICE IS HEREBY GIVEN that resulting from the Corporation's Declaration of a Dividend of $0.60 (gross) per share of the Common Stock of the Corporation, payable on the 10th September 1980 there will become due in respect of Bearer Depositary Receipts a gross distribution of 3 cents per unit.

The Depositary will give further notice of the Sterling Equivalent of the net distribution per unit payable on and after the 15th September 1980.

All claims must be accompanied by a completed Claim Form and U.S.A. Tax Declaration obtainable from the Depositary. Claimants other than UK Banks and Members of The Stock Exchange must lodge their Bearer Depositary Receipts for marking. Postal claims cannot be accepted.

The Corporation's Second Quarter Report for 1980 will be available upon application to the Depositary named below.

Barclays Bank Limited
Securities Services Department
54 Lombard Street
London EC3P 3AH

STRATHCLYDE REGIONAL COUNCIL
VARIABLE RATE REDEEMABLE STOCK 1983

For the six months from 18th August, 1980, to 18th February, 1981, the interest rate on the above stock will be 16.8125% per annum.

BANK OF SCOTLAND
55 Old Broad Street
London EC2P 2HL.

CREDIT LYONNAIS
LOAN OF US$80,000,000.—
FLOATING RATES 1977/1983

Bondholders of this loan are hereby informed that the rate applicable to the six months interest period ending February 12, 1981 has been fixed at 11¼%.

Coupon No. 8 will be payable as from February 13, 1981 at the price of US$57.50 equivalent to an interest of 11¼% workout out on the basis of 184/360th covering the period from August 13, 1980 to February 12, 1980 inclusive.

The Fiscal Agent
CREDIT LYONNAIS—
LUXEMBOURG

NOTICE TO THE HOLDERS OF BONDS of the issue 8¾% 1977/1997 of US$100,000,000 made by the
EUROPEAN COAL AND STEEL COMMUNTY

The Commission of the European Communities announces that the annual instalment of bonds amounting to US$3,500,000 has been purchased for redemption on October 1, 1980. Amount outstanding on and after October 1, 1980: US$90,500,000.
Luxembourg
August 18th, 1980

THE GREENCROFT ESTATE COMPANY LIMITED

NOTICE IS HEREBY GIVEN that the Annual General Meeting of the above company for the year 1980 will be held on Wednesday, 10th September 1980 at 12.00 hours at the offices of Messrs Wilkinson Marshall Clayton & Gibson, 27 Grainger Street, Newcastle upon Tyne, in order to receive the Directors' Report and Statement of Accounts and the Auditors' Report thereon, to declare a dividend, to elect Directors, and to appoint Auditors.

Any member entitled to attend and vote at the above meeting is entitled to appoint a proxy, who need not be a member of the company, to attend and vote on his or her behalf.

A. E. CHARLESWORTH,
Secretary.

22 Ellison Place,
Newcastle upon Tyne
NE1 8XT.
13th August 1980.

INVITATION TO BID

1 — The Turkish State Railways (Türkiye Cumhuriyeti Devlet Demiryollari İşletmesi Genel Müdürlügü—TCDD) invites bids for the supply of 36 shore cranes.

2 — TCDD intends to apply the proceeds of a loan in various currencies equivalent to US$75 *million granted by the World Bank for* the rehabilitation of 10 major ports in Turkey.

3 — The invitation to bid is only open to suppliers who are members of the World Bank and Switzerland.

4 — Bid closing date is November 12, 1980, 15.00 hours. Tender documents can be purchased at the following address at a charge of US$ 50.

TCDD İşletmesi Genel Müdürlügü
Malzeme Dairesi Baskanligi
Gar—Ankara/Turkey

ANNOUNCEMENT FOR ADDITIONAL EQUIPMENT PURCHASES FOR THE EXPANSION OF THE INTEGRATED STEEL PLANT AT EREGLI, TURKEY

Eregli Demir ve Celik Fabrikalari T.A.S. (ERDEMIR) has been granted a loan (Loan No. 1605 TU) from the World Bank to finance a major portion of the foreign exchange requirements of the expansion of its integrated steel plant at Eregli.

ERDEMIR has already started an expansion project, which is aimed at increasing its annual liquid steel capacity to 2 million metric tons late 1981.

The following additional equipment is to be purchased and installed on the basis of World Bank financing and under international competitive bidding procedures:

1. Six (6) *switching locomotives, diesel*-electric driven, 600 HP.
2. Eight (8) torpedo cars (or hot metal mixing cars), 180 MT, comprising ladle, driven unit, end spanners and trucks.
3. One (1) roller table, for transportation of slabs loaded by overhead crane up to furnace pusher, 32 m length, individually driven rolls.
4. One (1) roll shop equipment which consists of I) one (1) roll grinder—56" x 16' 0" size heavy duty roll grinder for hot strip mill service facilities, II) one (1) roll lathe—having a capacity of turning 56" diameter x 66" length rolls, and III) one (1) EOT crane—having a lifting capacity of 75/25 MT with a span of 25.7 m and with necessary equipment and accessories to handle the rolls.

Invitation to bid on the equipment listed above will be furnished only to those firms who have been previously qualified for the specific items to be purchased. Therefore, firms wishing to be so qualified should communicate in writing, in the English language with:

EREGLI DEMIR VE CELIK FABRIKALARI T.A.S. (ERDEMIR)
II. KADE TEVSI PROJESI YONETICILIGI
K.D.Z. EREGLI—TURKEY
Telex No: 48523 EREC TR
Attention: Mr. EMIN YAGLI,
Acting Vice-President.

Such communication must be received at the above address no later than 15 Sept. 1980; information as to the requirements for prequalification of bidders will be forwarded to those responding to this advertisement.

Rights issue by Hong Kong developer

BY OUR FINANCIAL STAFF

A RIGHTS ISSUE to raise HK$300m (U.S.$25.5m) is proposed by Sun Hung Kai Properties, a leading Hong Kong developer whose profits for the year ended March 1980 have considerably more than doubled.

Against a forecast of HK$420m, net profits have risen to HK$475.4m from HK$217.7m. The dividend is going up in line with expectations to 41 cents a share, from the effective 26 cents paid for 1978-79.

The rights issue is to be a one-for-10 at HK$10 a share, and the company also plans a one-for-five scrip issue. For this year dividends on the higher capital will total not less than 55 cents, Mr. Kwok Tak Seng, SHKP chairman, forecast over the weekend.

The chairman has given an irrevocable undertaking to take up or procure subscribers for 16.49m rights shares, or 55 per cent of the new issue. The balance of 13.49m rights shares has been underwritten by Wardley Ltd.

Kwok Tak Seng said the rights would go towards meeting the expansion of business and to make the company less dependent on bank finance. Proceeds would go to finance an expanded development portfolio, in particular the development in joint venture with Mass Transit Railway of two large residential and commercial projects.

The projects are at Kwai Hing and Kwai Fong, both adjoining MTR stations. The cost of acquiring the land for the projects would be HK$250m and building costs would exceed HK$300m.

In his statement accompanying the annual results, Mr. Kwok Tak Seng noted that the Hong Kong property market had revived and become "comparatively active." Local economic conditions had eased the burden on property buyers which would "stimulate the property market for end users and investors who have been holding off lately."

Mr. Kwok Tak Seng emphasised that the company's land bank remained in the books at less than current market price, providing an "optimistic view"

Australian finance groups move ahead

By James Forth in Sydney

THREE FINANCE companies have reported solid profit gains. Citicorp Australia, owned by the U.S. Citicorp banking group, more than doubled earnings in the half-year to June 30 from A$1.97m to A$4.11m.

Commercial and General Finance Acceptance, the finance arm of the commercial banking company of Sydney, boosted profit from A$2m to A$4m in the year to June, but Alliance Holdings, in which Chase Manhattan of the U.S. has a major stake, managed a rise of only 10 per cent, from A$3.55m to A$3.83m in the year to June.

Citicorp's gross income rose 21.5 per cent to a peak A$93m and gross receivables rose from A$1.3bn to A$1.46bn. Citicorp directors said that the substantial rise in revenue reflected satisfactory growth in corporate finance, residential and commercial mortgages, corporate leasing and personal loans, which had more than offset the impact of the current downturn in the motor industry on lending.

CAGA'S net receivables rose almost 15 per cent to $A700m. Both Citicorp and CAGA cut back their funds tied up in property which are producing no income—Citicorp by $A11m to $A29m and CAGA by $A11.4m to $A66m.

London listing sought by Sea Containers

BY WILLIAM HALL, SHIPPING CORRESPONDENT

LESS THAN a month after trading started in the shares of the Bermudan - based Gotaas-Larsen on the London Stock Exchange, a second international shipping group, Sea Containers, has announced that it is seeking a London listing.

Sea Containers is composed of two independant companies. Sea Containers Inc. New York, which was incorporated in 1965, and Sea Containers Atlantic Ltd., which was established in Bermuda in 1974. The shares of these two companies are "paired" and trade as a unit on the New York and Pacific stock exchanges. Sea Containers expects to get a London listing for the "paired" shares by mid-September.

Although the respective head offices of the two companies are in New York and Hamilton, Bermuda, operations are conducted primarily through London. In general, the activities of Sea Containers Inc. are conducted in jurisdictions subject to income taxes while those of Sea Containers Atlantic are not subject to such taxes.

In 1979 the Sea Containers Group had net earnings of $31.5m and revenues of $162.8m. Sea Containers Atlantic, the Bermudan company, contributed two-thirds of the revenues and 83 per cent of the earnings. Its performance over the years has been much better than the American company.

Sea Containers intends to change the names of that of the two companies to Sea Containers America Inc. and Sea Containers Ltd. to more accurately reflect the relative importance and geographical concentration of the companies.

In the second quarter of 1980 the net income of the Sea Containers Group rose 18 per cent to $6.7m ($0.88 per share) and revenue was 29 per cent higher at $39.5m. For the first six months the combined net income of the group was 37 per cent higher at $14.2m and revenue was up by a third at $101.8m.

Sea Containers performance has been helped greatly by the fall in U.S. interest rates. Mr. James Sherwood, the group's president, has reiterated his earlier forecast that net income for the full year after payment of preferred dividend would be between $40m-$50m. Last year the group's net income was $27.9m.

Last week Sea Containers Atlantic Ltd. raised $30m by issuing preferred shares. They carry a dividend of 14 per cent but because of tax credits the true cost of funds is 11 per cent.

Second quarter improvement at Carnation

By Our Financial Staff

SECOND QUARTER earnings have continued to grow at Carnation Company, the U.S. dairy-based foods producer, adding to the company's record of 27 years of uninterrupted profit gains.

On sales 15 per cent ahead at $758m, net earnings for the second quarter of 1980 have risen by almost 9 per cent to $33m. The performance leaves the group with half-year earnings up by a similar percentage at $75.3m.

Carnation is a major producer of dairy-based foods and other food items, including pet foods.

The half-year figures include foreign currency losses of $2m.

Norwich Winterthur in insurance deal

Norwich Winterthur Holdings a joint subsidiary of the Norwich Union group and the Swiss insurer, Winterthur, has signed a declaration of intent to acquire Waltons Insurance company of Australia, writes John Wicks from Zurich.

Waltons insurance has hitherto been the house insurance company of the Waltons department-store chain in Australia. The company booked 1979 premium income of A$27m.

CURRENCIES, MONEY and GOLD

Bundesbank holds the key

BY ANTHONY CROSLAND

As August 21 approaches, so speculation increases as to what, if anything, the Bundesbank will do at the next central council meeting, due on that day. The meeting will be the first after the summer break, and exepectations of some change in key lending rates have been building up since the last meeting on July 24 which left credit policies unchanged.

For those who believe that a fall is likely in August there have been some encouraging factors. The fall in U.S. interest rates from their all time peak earlier in the year has left the interest rate differential at something nearer an acceptable level. There has also been a good supply of short-term credit in the money market recently, aided to some extent by official help through pension facilities and swap agreements.

But the reason for keeping the market sweet may well have an alterior motive.

Towards the end of July the lombard facility through which banks could borrow money, had provided around DM 10bn. This borrowing through the "window" was intended to cover exceptional circumstances, but the exception was rapidly becoming the rule. As a consequence of the Bundesbank's attention to the market, short term money has become considerably cheaper, with call money quoted as low as 7.5-8 per cent on Friday.

Some dealers believe that the authorities have sufficient room for manoeuvre, and could cut the lombard rate from its current level of 9½ per cent. The discount rate would be more likely to remain at 7½ per cent being more politically sensitive. The authorities may also wish to consider any increase in capital outflows should lending rates continue to decline. It may just be however, that the Bundesbank is anxious to ensure a good supply of money ahead of the large tax payments due in September.

GOLD

	Aug. 15		Aug. 14	
Gold Bullion (fine ounce)				
Close	$623-626	(£262-263½)	$625-628	(£263-264½)
Opening	$625-628	(£263-264¼)	$620-623	(£261-262¼)
Morning fixing	$626	(£263.335)	$623	(£262.073)
Afternoon fixing	$624.5	(£262.682)	$626	(£263.413)
Gold Coins				
Krugerrand	$644-646	(£270½-272¼)	$644-647	(£270½-272½)
Mapleleaf	$639-643	(£268¼-271¼)	$640-644	(£269¼-272¼)
New Sovereigns	$158½-159½	(£66½-67¼)	$158¼-159¼	(£66½-67¼)
King Sovs	$185½-187½	(£77½-78¾)	$185-187	(£77½-79)
Victoria Sovs	$185½-187½	(£77¾-78¾)	$185-187	(£77½-79)
French 20s	$157½-158½		$161-164	
50 pesos Mexico	$773-777		$771-776	
100 Cor. Austria	$612-616		$611-616	
$20 Eagles	$748-752		$748-752	
$10 Eagles	—		—	
$5 Eagles	—		—	

OTHER CURRENCIES

Aug. 15	£	$		£ Note Rates
Argentina Peso	4500-4520	1894-1901	Austria	29.90-30.20
Australia Dollar	2.0535-2.0575	0.8630-0.8635	Belgium	68.10-68.70
Brazil Cruzeiro	129.56-130.56	54.605-54.805	Denmark	13.06-13.16
Finland Markka	8.65-8.67	3.6470-3.6480	France	9.76-9.83
Greek Drachma	n.a.	n.a.	Germany	4.23-4.26
Hong Kong Dollar	11.74¾-11.76¾	4.9465-4.9485	Italy	1975-2065
Iran Rial	n.a.	n.a.	Japan	534-539
Kuwait Dinar(KD)	0.634-0.640	0.2677-0.2678	Netherlands	4.59-4.62
Luxembourg Frc.	67.80-67.90	28.50-28.52	Norway	11.50-11.60
Malaysia Dollar	5.0875-5.0975	2.1420-2.1440	Portugal	113-119
New Zealand Dlr.	2.4305-2.4355	1.0210-1.0220	Spain	167¼-175½
Saudi Arab. Riyal	7.85-7.91	3.3175-3.3225	Sweden	9.85-9.95
Singapore Dollar	5.0525-5.0625	2.1275-2.1295	Switzerland	3.89-3.92
Sth. African Rand	1.8055-1.8065	0.7585-0.7590	United States	2.37-2.38¼
U.A.E. Dirham	8.73-8.79	3.6860-3.6910	Yugoslavia	63¾-69

Rate given for Argentina is free rate.

THE POUND SPOT AND FORWARD

Aug. 15	Day's spread	Close	One month	% p.a.	Three months	% p.a.
U.S.	2.3720-2.3825	2.3800-2.3810	1.35-1.25c pm	6.55	3.57-3.47pm	5.91
Canada	2.7520-2.7620	2.7585-2.7595	1.75-1.65c pm	7.39	4.23-4.13pm	6.06
Nethlnd.	4.60-4.63½	4.62-4.63	2⅞-1⅞c pm	6.18	7½-6½ pm	6.05
Belgium	67.55-68.00	67.80-67.90	30-20c pm	4.42	76-65 pm	4.13
Denmark	13.10-13.16	13.14½-13.15½	1⅛-2⅜ore dis	−1.77	3¼-5⅛ dis	−1.38
Ireland	1.1210-1.1265	1.1235-1.1245	0.07-0.12p dis	−1.01	0.08-0.15dis	−0.41
W. Ger.	4.23½-4.26½	4.25-4.26	3½-2⅞pf pm	8.11	9-8 pm	7.99
Portugal	117.50-118.20	117.90-118.10	25c pm-25 dis	—	55pm-70dis	−0.25
Spain	171.70-172.50	172.15-172.25	60-115c dis	−6.10	245-360dis	−7.03
Italy	2005-2015	2009-2011	26-32lire dis	−17.31	60-68 dis	−12.74
Norway	11.52-11.57	11.55-11.56	4⅛-2⅞ore pm	3.76	12⅝-11 pm	4.09
France	9.80½-9.85	9.83½-9.84½	5¾-4⅛c pm	5.79	14-13 pm	5.49
Sweden	9.88-9.93	9.91½-9.92½	1⅞-⅞ore pm	1.51	3½-2⅞ pm	1.23
Japan	532-539	536½-537½	2.25-1.90y pm	4.64	7.05-6.60 pm	5.08
Austria	30.00-30.15	30.08-30.13	17-14½gro pm	6.28	41½-37 pm	5.21
Switz.	3.90-3.93	3.91¼-3.92¼	4¼-3¼c pm	11.49	11¼-10¼ pm	10.98

Belgian rate is for convertible francs. Financial franc 68.70-68.80. Six-month forward dollar 5.50-5.40c pm. 12-month 7.65-7.55c pm.

THE DOLLAR SPOT AND FORWARD

Aug. 15	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	2.3720-2.3825	2.3800-2.3810	1.35-1.25c pm	6.55	3.57-3.47 pm	5.91
Ireland†	2.1140-2.1190	2.1170-2.1190	1.00-0.90c pm	5.39	3.00-2.90 pm	5.57
Canada	1.1592-1.1607	1.1592-1.1595	0.02c pm-0.01 dis	0.05	0.03 pm-par	0.05
Nethlnd.	1.9360-1.9445	1.9435-1.9445	0.10c pm-par	0.31	0.25-0.15 pm	0.41
Belgium	28.46-28.53	28.50-28.52	4-5½c dis	−2.00	11-14 dis	−1.75
Denmark	5.5165-5.5250	5.5235-5.5250	3½-4ore dis	−8.14	10-10½ dis	−7.42
W. Ger.	1.7820-1.7890	1.7855-1.7865	0.29-0.25pf pm	1.81	1.00-0.95 pm	2.18
Portugal	49.60-49.75	49.55-49.65	15-35c dis	−6.05	50-100 dis	−6.05
Spain	72.28-72.43	72.33-72.43	65-85c dis	−12.43	225-250dis	−13.12
Italy	844.00-847.00	844.00-845.00	16-19lire dis	−24.85	37½-41½dis	−18.70
Norway	4.8550-4.8585	4.8570-4.8585	1.20-1.70ore dis	−3.58	2.50-3.00dis	−2.26
France	4.1275-4.1390	4.1335-4.1360	0.20-0.35c dis	−0.80	0.40-0.70dis	−0.53
Sweden	4.1640-4.1685	4.1670-4.1685	1.50-1.65ore dis	−4.53	4.50-4.65dis	−4.39
Japan	224.25-225.70	225.60-225.70	0.40-0.55y dis	−2.53	0.50-0.70dis	−1.06
Austria	12.62½-12.65	12.64-12.65	0.50-1.10gro dis	−0.76	0.75-2.50dis	−0.51
Switz.	1.6400-1.6480	1.6445-1.6455	0.73-0.68c pm	5.14	2.20-2.15 pm	5.29

† UK and Ireland are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency.

FT LONDON INTERBANK FIXING (11.00 a.m, AUGUST 15)

3 months U.S. dollars		6 months U.S. dollars	
bid 10 5/8	offer 10 1/2	bid 10 7/8	offer 11

The fixing rates are the arithmetic means, rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11 am each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris, and Morgan Guaranty Trust.

EURO-CURRENCY INTEREST RATES (Market Closing Rates)

Aug. 15	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	West German Mark	French Franc	Italian Lira	Asian $	Japanese Yen
†Short term	—	9⅛-9⅜	8-9	10-10¼	6⅛-6	8¼-8⅜	10¾-11	14-19	3⅜-3½	12⅞-13⅛
7 days' notice	—	9¼-9⅞	8½-9½	10-10¼	4-4⅛	8⅛-8¼	10¾-11	33-43	9¼-9⅜	13-13¼
Month	16⅜-16¾	10⅛-10⅜	9⅝-10	9⅞-10⅛	5⅟₁₆-5⅟₁₆	8⅟₁₆-8⅟₁₆	10¾-11	33-36	10⅟₁₆-10⅟₁₆	12⅛-12⅜
Three months	16⅟₁₆-16⅟₁₆	10⅜-10⅝	10⅛-10½	9¾-10	5⅟₁₆-5⅟₁₆	8¼-8⅜	10⅞-11⅛	27½-29½	10¼-10⅝	11½-11¾
Six months	15⅞-16	10⅟₁₆-11⅟₁₆	10½-10⅞	9¾-10	5⅛-5¼	7⅞-8	11⅛-11⅜	26½-28½	10¾-10⅞	10¾-11
One Year	14⅝-14⅞	11-11¼	10⅝-11	9⅝-9⅞	4⅟₁₆-5⅟₁₆	7⅟₁₆-7⅟₁₆	11⅜-11⅝	23-25	10⅞-11	9⅝-9⅞

Long-term Eurodollar two years 11½-11¾ per cent; three years 11⅝-11⅞ per cent; four years 11⅞-12⅛ per cent; five years 12-12¼ per cent; nominal closing rate. Short-term rates are call for sterling, U.S. dollars, Canadian dollars and Japanese yen; others two-days' notice. Asian rates are closing rates in Singapore.

The following nominal rates were quoted for London dollar certificates of deposit: one-month 9.50-9.60 per cent; three-months 10.00-10.10 per cent; six-months 10.30-10.40 per cent; one year 10.55-10.65 per cent.

LONDON MONEY RATES

Aug. 15 1980	Sterling Certificate of deposit	Interbank	Local Authority deposits	Local Auth. negotiable bonds	Finance House Deposits	Company Deposits	Discount market deposits	Treasury Bills ♦	Eligible Bank Bills ♦	Fine Trade Bills ♦
Overnight	—	16⅛-17	—	—	—	16¼-17	16⅛-16	—	—	—
2 days notice	—	—	16⅛-16⅝	—	—	—	—	—	—	—
7 days or	—	—	—	—	—	—	—	—	—	—
7 days notice	—	16½-16¾	16⅛-16⅝	—	17	16⅞-17	15¾-15⅞	—	—	—
One month	16¾-16½	16⅝-16⅝	16½-16⅝	17⅝-18	16½	16⅞-17	15⅝	14⅟₃₂	16⅛	17⅛
Two months	16⅟₁₆-16⅟₁₆	16⅜-16⅟₁₆	—	17⅜-17⅝	16⅞	—	15½-15⅝	14	16¼-16⅜	16¾
Three months	16½-16⅜	16½-16⅝	16⅛	17-17⅛	16½	16⅞	15⅛	14⅟₃₂-14⅟₃₂	16⅟₃₂	16⅛
Six months	15⅞-15⅝	15⅞-16	15⅝-15⅞	15½-16	16⅛	16⅝	—	—	14⅟₁₆-14¾	15¼
Nine months	15⅟₁₆-14⅞	15⅛-16¼	—	15½-15⅞	15½	16	—	—	—	—
One Year	14½-14⅟₁₆	14⅟₁₆-14⅟₁₆	14⅝-14¾	14½-15	15	15½	—	—	—	—
Two years	—	—	14¼-14⅜	—	—	—	—	—	—	—

Local authority and finance houses seven days' notice, others seven days' fixed. Long-term local authority mortgage rate nominally three years 14-14¼ per cent; four years 14-14¼ per cent; five years 13⅞-14¼ per cent. ♦ Bank bill rates in table are buying rates for prime paper. Buying rates for four-month bank bills 15⅞ per cent; four-month trade bills 16 per cent.

Approximate selling rate for one-month Treasury bills 14⅟₃₂-14 45-64ths per cent; two-month 14 55-64ths-14⅟₃₂ per cent; three months 14⅟₁₆ per cent. Approximate selling rate for one-month bank bills 15⅞ per cent; two months 16⅛-15⅟₃₂ per cent; three months 15⅟₃₂ per cent; one-month trade bills 16⅞ per cent; two months 16½ per cent; and three months 15⅞ per cent.

Finance Houses Base Rates (published by the Finance Houses Association) 16½ per cent from August 1, 1980. Clearing Bank Deposit Rate for sums at seven days' notice 14 per cent. Clearing Bank Rates for lending 16 per cent. Treasury Bills Average tender rates of discount 14.9984 per cent.

CURRENCY RATES

Aug. 14	Bank rate %	Special Drawing Rights	European Currency Unit
Sterling	16	0.553503	0.596801
U.S. $	10	1.31540	1.41770
Canadian $	10.26	1.52807	1.64425
Austria Sch.	6¾	unavail.	17.9188
Belgium F	12	"	40.3761
Danish K	13	7.26035	7.82926
D'mark	7½	2.34681	2.53102
Guilder	9	2.54990	2.74977
French Fr.	9½	Unavail.	5.85511
Lira	15	"	1197.96
Yen	9	295.570	318.983
Norwgn. Kr.	9	6.38956	6.88720
Spanish Pts.	8	unavail.	102.571
[illegible]	10	5.47887	5.90785

PENDING DIVIDENDS

	Date	Announcement last year		Date	Announcement last year
Allen Harvey and Ross	Sept. 12	Int. 10.0	*Law Land	Sept. 17	Int. 0.714
Amalgamated Metal	Sept. 23	Int. 3.0	Leed Inds.	Sept. 13	Int. 3.7
*Assoc. Dairies	Aug. 27	Final 4.3	Legal & Gen.	Sept. 19	Int. 2.6
Aurora	Sept. 18	Int. 1.55	*Linfood	Sept. 3	Final 6.75
BBA	Aug. 30	Int. 0.84	*Lond. Brick	Aug. 20	Int. 1.734
BICC	Sept. 4	Int. 2.75	Ldn. Merchant Secs.	Sept. 5	Final 0.655
BSR	Sept. 12	Int. 1.413	*Low & Bonar	Sept. 15	Int. 3.14
Babcock Intl.	Sept. 12	Int. 3.4	Morgan Crucible	Sept. 7	Int. 4.5
*Bank of Scotland	Sept. 23	Int. 7.25	Northern Eng. Inds.	Sept. 7	Int. 1.25
*Barclays Bk.	Aug. 21	Int. 8.25	Nurdin and Peacock	Aug. 29	Int. 1.5
*Barrow Hepburn	Sept. 18	Int. 0.3	*Ocean Trans.	Aug. 19	Int. 4.095
*Barton & Sons	Aug. 19	Int. 1.4	P. and O. Steam Navigation	Sept. 5	Int. 3.0
Blue Circle	Aug. 30	Int. 3.8	Ofrex	Sept. 11	Int. 1.4
Booker McConnell	Sept. 13	Int. 5.0	*Pearl Assur.	Aug. 27	Int. 5.0
Bowater	Sept. 11	Int. 4.25	Pearson Longman	Sept. 13	Int. 3.75
Brit. Elec. *Traction	Sept. 6	Final 5.719	Pearson (S.)	Sept. 13	Int. 3.75
British Petroleum	Sept. 7	Int. due	Phoenix Assce.	Sept. 5	Int. 5.8
British Vita	Sept. 13	Int. 2.4	Portals	Sept. 7	Int. 4.25
Brown Boveri Kent	Sept. 20	Int. 1.429	Provident Financial	Sept. 4	Int. 2.2
*Cadbury Schweppes	Sept. 4	Int. 0.95	*Prudential Corpn.	Sept. 11	Int. 3.5
*Carpets Intl.	Sept. 10	Int. 1.75	Ransomes Sims & Jefferies	Sept. 17	Int. 3.14
Collins (W.)	Sept. 8	Int. 2.086	Raybeck	Sept. 5	Final 2.87
Costain	Sept. 7	Int. 4.0	Reckitt and Colman	Sept. 11	Int. 3.5
Croda Intl.	Sept. 20	Int. 1.5	Revertex	Sept. 10	Int. 1.7
*De Beers	Aug. 19	Int. 20c	RTZ	Sept. 19	Int. 4.5
Delta Metal	Sept. 20	Int. 1.82	Rockware	Sept. 12	Int. 2.33
Estate Prop. Investment	Aug. 9	Final 2.75	Rowntree Mackintosh	Sept. 19	Int. 2.5
Expanded Metal	Sept. 12	Int. 2.0	*Royal Dutch	Aug. 21	Int. Fl 5.50
Fairclough Constr.	Aug. 28	Int. 1.65	*Royal Insce.	Aug. 18	Int. 8.25
General Mining	Sept. 7	Int. 25 cents	Schroders	Sept. 13	Int. 3.0
*Guardian Royal Exch.	Sept. 3	Int. 5.0	*Shell Trans.	Aug. 21	Int. due
Guest Keen	Sept. 20	Int. 5.839	Sime Darby	Aug. 27	Final 10 cents
Guinness Peat	Sept. 19	Final 4.0	Simon Eng.	Sept. 17	Int. 4.0
Hall Eng.	Sept. 21	Int. 3.1	*Slough Estates	Aug. 27	Int. 0.9
Hepworth Ceramic	Sept. 7	Int. 2.25	*Smith and Nephew	Aug. 19	Int. 1.25
Hoffnung (S.)	Aug. 22	Final 3.007	Stone-Platt Inds.	Sept. 20	Int. 1.4
HK & Shanghai Bank	Aug. 21	Int. HK$0.24	Sun Alliance	Sept. 5	Int. 13.5
House of Fraser	Aug. 23	Int. 2.0	Tilling (Thomas)	Sept. 12	Int. 3.0
*ICI	Aug. 23	Int. 12.0	Tricentrol	Aug. 2	Int. 2.6
*IMI	Aug. 28	Int. 1.9	*Turner and Newall	Sept. 11	Int. 4.5
Inveresk	Sept. 18	Int. 1.0	UDS	Sept. 19	Int. 2.6
*Johnson Gp. Cleaners	Aug. 20	Int. 1.8	Union Corp.	Aug. 28	Int. 19 cents
*Kleinwort Benson	Sept. 23	Int. 2.5	United Biscuits	Sept. 17	Int. 1.7
*LASMO	Aug. 19	Int. due	*Wagon Finance	Aug. 29	Int. 0.625
*Ladbroke	Aug. 27	Int. 5.7	*Weir Group	Sept. 3	Int. 1.653
Laird	Sept. 15	Int. 1.7	Yorkshire Chemicals	Sept. 7	Int. 2.395
Laporte	Sept. 21	Int. 3.5			

* Board meeting intimated. † Rights issue since made. ‡ Tax free. § Scrip issue since made. ¶ Forecast.

Public Works Loan Board rates

Effective from August 9

Years	Quota loans repaid by EIP†	A‡	at maturity§	Non-quota loans A* repaid by EIP†	A‡	at maturity§
Up to 5	13¾	13½	13½	14⅛	14⅛	14
Over 5, up to 10	13⅞	13⅞	13½	14	14⅛	14
Over 10, up to 15	13⅞	13½	13¾	14⅛	14	13⅞
Over 15, up to 25	13⅞	13⅞	13⅞	14	13⅞	13⅞
Over 25	13⅞	13⅞	13⅞	13⅞	13⅞	13⅞

* Non-quota loans B are 1 per cent higher in each case than non-quota loans A. † Equal instalments of principal. ‡ Repayment by half-yearly annuity (fixed equal half-yearly payments to include principal and interest). § With half-yearly payment of interest only.

BASE LENDING RATES

A.B.N. Bank	16 %	■ Hambros Bank	16 %
Allied Irish Bank	16 %	■ Hill Samuel	§16 %
American Express Bk.	16 %	C. Hoare & Co.	†16 %
Amro Bank	16 %	Hongkong & Shanghai	16 %
Henry Ansbacher	16 %	Industrial Bk. of Scot.	16½%
A P Bank Ltd.	16 %	Keyser Ullmann	16 %
■ Arbuthnot Latham	16 %	Knowsley & Co. Ltd.	18 %
Associates Cap. Corp.	16 %	Langris Trust Ltd.	16 %
Banco de Bilbao	16 %	Lloyds Bank	16 %
Bank of Credit & Cmce.	16 %	Edward Manson & Co.	17 %
Bank of Cyprus	16 %	Midland Bank	16 %
Bank of N.S.W.	16 %	■ Samuel Montagu	16 %
Banque Belge Ltd.	16 %	■ Morgan Grenfell	16 %
Banque du Rhone et de la Tamise S.A.	16½%	National Westminster	16 %
Barclays Bank	16 %	Norwich General Trust	16 %
Bremar Holdings Ltd.	17 %	P. S. Refson & Co.	16 %
Brit. Bank of Mid. East	16 %	Rossminster	16 %
■ Brown Shipley	16 %	Ryl. Bk. Canada (Ldn.)	16 %
Canada Perm't Trust	17 %	Schlesinger Limited	16 %
Cayzer Ltd.	16 %	E. S. Schwab	16 %
Cedar Holdings	17 %	Security Trust Co. Ltd.	17 %
■ Charterhouse Japhet	16 %	Standard Chartered	16 %
Choulartons	16 %	Trade Dev. Bank	16 %
C. E. Coates	16 %	Trustee Savings Bank	16 %
Consolidated Credits	16 %	Twentieth Century Bk.	16 %
Co-operative Bank	*16 %	United Bank of Kuwait	16 %
Corinthian Secs.	16 %	Whiteaway Laidlaw	16½%
The Cyprus Popular Bk.	16 %	Williams & Glyn's	16 %
Duncan Lawrie	16 %	Wintrust Secs. Ltd.	16 %
Eagil Trust	16 %	Yorkshire Bank	16 %
E. T. Trust Limited	15½%		
First Nat. Fin. Corp.	19 %		
First Nat. Secs. Ltd.	19 %		
Robert Fraser	16 %		
Antony Gibbs	16 %		
Greyhound Guaranty	16 %		
Grindlays Bank	‡16 %		
■ Guinness Mahon	16 %		

■ Members of the Accepting Houses Committee.
* 7-day deposits 14%, 1-month deposits 14¼%.
† 7-day deposits on sums of £10,000 and under 14%, up to £25,000 14¼% and over £25,000 14½%.
‡ Call deposits over £1,000 14%.
§ Demand deposits 14½%.

RECENT ISSUES

EQUITIES

Issue Price p‡	Amount Paid Up	Latest Renunc. Date	1980 High	1980 Low	Stock	Closing Price p‡	+ or —	Div. p. or Amount	Times Covered	Gross Yield	P.E. Ratio
¶¶	F.P.	—	352	346	BP Restricted Trans.	352	+2	17.5	4.7	7.1	3.3
§60	F.P.	—	112	91	††BakerElectrnics10p	107	+6	b3.85	2.0	5.2	11.2
68	F.P.	—	75	72	Charterh'se Petrol'm	75	+1	b1.09	4.0	2.1	17.2
§38½	F.P.	—	100	80	Energy Capital (12½p)	88	......	—	—	—	—
¶¶	F.P.	—	260	215	††Hall Bros.	260	......	—	—	—	—
55	F.P.	—	96	74	Home Farm Prods10p	93	......	b2.9	2.5	4.5	12.7
160	F.P.	—	153	135	††Marinex 10p	140	+3	—	—	—	—
100	F.P.	—	110	82½	Peerless	82½	—1½	b6.3	2.8	10.9	4.1
§51	F.P.	—	78	67	††Rolfe & Noland 10p	72	......	‡1.0	3.5	2.0	20.3
§57	F.P.	—	85	73	††Utd. Electronic 20p	76	......	b1.57	2.2	3.0	21.7

FIXED INTEREST STOCKS

Issue Price £	Amount Paid Up	Latest Renunc. Date	1980 High	1980 Low	Stock	Closing Price £	+ or —
‖	F.P.	23/7	120	109½	British Home Stores 9% Cnv. Ln. '92	118	......
98	£20	19/9	18¾	16	Denmark 13% 2005	16¾	+⅛
**	£10	—	9	9	Newcastle & Gateshead Water 8½% RdPf	9	......
**	F.P.	28/11	102	100	Outwich 10% Pref.	100½	......
¶	F.P.	8/8	105½	101½	South Staff. Water 9¾% Rd. Pf. '85	104	......
¶	F.P.	29/8	104	103	Sunderl'd & S.ShieldsWtr 9½% Rd.Prf.1985	103¾	......

"RIGHTS" OFFERS

Issue Price p‡	Am'unt Paid up	Latest Renunc. Date ●	■	1980 High	1980 Low	Stock	Closing price p‡	+ or —
65	F.P.	5/8	1/9	105	88	Anderson Strathclyde	105	......
103	F.P.	14/7	15/8	127	117	Astbury & Madeley	117	—1
132	F.P.	23/7	8/9	173	146	Berisford (S. & W.)	173	......
55	F.P.	22/7	15/8	75	60	Charterhall	64	+4
34	F.P.	1/8	29/8	56	48	Clive Discount	49	+1
92	F.P.	30/7	12/9	138	126	Coalite	135	+1
60	Nil	25/7	22/8	93pm	85pm	Crest Nicholson	93pm	+3
13	Nil	22/8	19/9	23pm	11½pm	Derritron	20pm	—2
100	F.P.	16/6	12/9	400	127	Ferranti	400	+10
76	F.P.	30/7	20/8	96	87	Hazelwood Foods	95	......
263	F.P.	1/7	15/8	374	307	Land Securities	362	+7
80	F.P.	15/8	12/9	110½	89½	Lonrho	92	+2
120	Nil	15/8	26/9	30pm	22pm	McKay Secs.	25pm	......
52	F.P.	28/7	26/8	81	55	Mallinson-Denny	68½	—½
75	Nil	20/8	10/9	35pm	18pm	Polly Peck	20pm	+2
10	Nil	13/8	3/9	3½pm	1pm	Sturla	1pm	......
12½	F.P.	31/7	26/8	13½	11½	Thurgar Bardex	13	......

Renunciation date usually last day for dealing free of stamp duty. b Figures based on prospectus estimate. g Assumed dividend and yield. u Forecast dividend: cover based on previous year's earnings. F Dividend and yield based on prospectus or other official estimates for 1979. Q Gross. T Figures assumed. ‡ Cover allows for conversion of shares not now ranking for dividend or ranking only for restricted dividends. § Placing price to public. p‡ Pence unless otherwise indicated. ¶ Issued by tender. ‖ Offered to holders of ordinary shares as a "rights." ** Issued by way of capitalisation. §§ Reintroduced. ¶¶ Issued in connection with reorganisation, merger or takeover. ‖‖ Introduction. □ Issued to former Preference holders. ■ Allotment letters (or fully paid). ● Provisional or partly-paid allotment letters. ★ With warrants. †† Unlisted security. London Listing. † Dealings under special rule.

CORAL INDEX: Close 482-487 (+6)

UNIT TRUST SERVICE

OFFSHORE & OVERSEAS—contd.

Henderson Admin. (Guernsey) Ltd.
7 New St., St. Peter Port, Guernsey 0481 26541/2
American O/S (USc) 115.3 121.4 ...... —

Henderson Baring Group
801, Gloucester, 11, Pedder, Hong Kong
Japan Fd. Aug. 13 US$20.61 21.49 ...... —
Japan Tech. Aug. 11 US$11.337 ...... —
Malay Singpr. Aug. 13 13.353 ...... —
Pacific Fd. Aug. 13 US$14.497 ...... —
Bond. Fd. Aug. 14 US$10.796 +0.009 9.00
PO Box 71, 7 New St., Peter Port, Guernsey, CI.
Gilt Fd. 19.85 9.94 +0.06 13.42
*Inclusive of Preliminary charge.

Hill-Samuel & Co. (Guernsey) Ltd.
8 LeFebvre St., St. Peter Port, Guernsey, C.I.
Guernsey Tst. 182 194.8 +3.6 3.49

Hill Samuel Invest. Mgmt. Intnl.
P.O. Box 63, Jersey. 0534 27381.
HS Channel Is. Fd. 136.3 145.2 ...... 4.00
H.S. Fixed Int. Fd. 92.0 97.0 ...... 12.00
Box 2622, Berne, Switzerland. Telex 33425.
H.S. Overseas Fd. US$23.69 24.64 +0.37 —
CSF Fd. (Acc.) SF17.86 18.26 +0.07 —
Crossbow Fd. (Acc.) SF4.62 4.72 ...... —
ITF Fd. (Acc.) US$12.49 12.75 +0.20 —

N.V. Interbeheer
P.O. Box 526, Delft, Holland
Esmeralda (Iss. Price) DF57.56 +0.05 2.74

International Pacific Inv. Mgmt. Ltd.
P.O. Box R237, 56, Pitt St., Sydney, Aust.
Javelin Equity Tst. A$3.52 3.63 ...... 3.90

Jardine Fleming & Co. Ltd.
46th Floor, Connaught Centre, Hong Kong
Jardine Estn. Tst. [illegible] ...... —
Jardine J'pn.Fd.* Y168.8 ...... 1.0
Jardine S.E.A. US$33.74 ...... 1.10
Jardine Flem. Int. HK$20.88 ...... 0.5
Jardine Securities HK$17.36 ...... —
Intl. Pac. Secs. (Inc.) HK$17.49 ...... 1.06
Do. (Accum.) HK$18.14 ...... —
J.F. Japan Small. Co. Y10.077 ...... —
J.F. Cur.&Bd.Fd.(Inc.) US$10.40 ...... 7.6
Do. (Accum.) US$11.21 ...... —
NAV July 15. *US$77.37.
Next sub. day Aug. 15.

Leopold Joseph & Sons (Guernsey)
Hirzel Ct., St. Peter Port, Guernsey. 0481-26648.
L.J. Sterling Fund £11.86 11.87 ...... —

Kemp-Gee Management, Jersey Ltd.
1 Charing Cross, St. Helier, Jersey 0534 73741
Capital Fund 145.9 150.4 ...... —
Income Fund 56.6 58.4 ...... 11.12
Gilt Bond £1.015 1.069 ...... —

Keyser Ullmann Ltd.
25, Milk Street, EC2V 8JE. 01-606 7070
Fonselex SF147.10 150.25 ...... 2.20
Bondselex SF113.40 119.25 ...... —
Central Assets £173.15 173.20 +0.06 —

King & Shaxson Mngrs.
1, Charing Cross, St. Helier, Jersey. (0534) 73741
Valley Hse., St. Peter Port, Gnsy. (0481) 24706
1 Thomas Street, Douglas, I.O.M. (0624) 4856.
Gilt Fund (Jersey) 8.40 8.45 ...... 12.25
Gilt Trust (I.o.M.) 95.4 97.8 ...... 12.75
Gilt Fnd. Guernsey 8.99 9.04 ...... 12.75
Intl. Govt. Secs. Tst.
First Sterling £16.97 17.08 ...... —
First Intl. 228.91 229.69 ...... —

Kleinwort Benson Limited
20, Fenchurch St., EC3. 01-623 8000
Eurinvest LF1,144 ...... 4.89
Guernsey Inc. 80.6 85.8 ...... 5.64
Do. Accum. 106.5 111.3 ...... 5.64
K.B. Eurobond Fd. £9.71 9.81 ...... 8.42
K.B. Far East Fd. US$20.93 +0.98 1.90
K.B. Gilt Fund £10.12 10.19 ...... 12.15
K.B. Int. Bd. Fd. Inc. US$100.36 ...... —
K.B. Int. Bd. Fd. Acc. US$115.45 ...... —
K.B. Intl. Fund US$15.61 ...... 2.28
K.B. Japan Fund US$32.46 ...... 0.78
K.B. Sterl. Asset Fd. £11.40 11.42 ...... —
K.B. U.S. Gwth. Fd. US$18.19 ...... 1.92
Signet Bermuda US$6.83 ...... 2.19

Lazard Brothers & Co. (Jersey) Ltd.
P.O. Box 108, St. Helier, Jersey, C.I. 0534 37361
L.B. External Fund US$10.84 11.55 ...... 0.10

Lloyds Bk. (C.I.) U/T Mgrs.
P.O. Box 195, St. Helier, Jersey. 0534 27561
Lloyds Tst. O'seas 61.5 65.4 +2.2 1.93
Next dealing August 21
Lloyds Trust Gilt £9.72 9.73 ...... 12.70
Next dealing Aug. 20.

Lloyds Bank International, Geneva
P.O. Box 438, 1211 Geneve 11 (Switzerland)
Lloyds Int. Growth SF513.5 548.5 ...... 0.60
Lloyds Int. Income [illegible]

M & G Group [illegible]

Management International Ltd. [illegible]

Midland Bank Trust Corp. (Jersey) Ltd. [illegible]

Samuel Montagu Ldn. Agents [illegible]

Murray, Johnstone (Inv. Adviser) [illegible]

Nat. Westminster Jersey Fd. Mgrs. Ltd. [illegible]

Negit S.A. [illegible]

N.E.L. International Ltd. [illegible]

Pacific Basin Fund [illegible]

Phoenix International [illegible]

Providence Capitol Life Ass. (C.I.) [illegible]

Quest Fund Mngmnt. (Jersey) Ltd. [illegible]

RBC Investment Managers Limited [illegible]

Richmond Life Ass. Ltd. [illegible]

Rothschild Asset Management (C.I.)
P.O. Box 58, St. Julians Ct., Guernsey. 0481 26331
O.C. America Fd.† US$1.95 2.06 ...... [illegible]
O.C.Sm. Co.*** 101.6 108.8 ...... [illegible]
O.C. Commodity* 100.0 106.3 ...... [illegible]
O.C. Dir.Comdty.† US$47.65 50.69 ...... [illegible]
O.C. Hong Kg. Fd.† HK$29.09 30.86 ...... [illegible]
O.C. Sterling Fd.** £12.281 [illegible]
O.C. International Reserves Limited
Bel. Francs (Fin.) 465.8 | Italian Lira [illegible]
Canadian $ 25.182 | Singapore $ [illegible]
D-Mark 48.18 | £ Sterling [illegible]
Dutch Guilder 40.29 | Swiss Francs [illegible]
French Francs 108.55 | US $ [illegible]
*Prices on Aug. 14. Next dealing Aug. 20.
†Prices on July 21. Next dealing Aug. 7.
**Daily dealings. ***Aug. 15.

Rothschild Asset Mgt. (Bermuda)
P.O. Box 664, Bk. of Bermuda Bld., Bermuda
Reserve Assets Fd. US$9.93 10.14 ...... —
Prices on Aug. 4. Next dealing Aug. 12.

Save & Prosper International
Dealing to
P.O. Box 73, St. Helier, Jersey 0534 73933
Fixed Interest Funds
Deutschmark Bd.***‡ DM9.76 10.35 ...... [illegible]
Dllr. Fxd. Int.***‡ US$8.43 8.93 ...... [illegible]
St. Fixed ***‡ 108.3 114.5 ...... [illegible]
Yen Bond Y972 1,029 ...... [illegible]
Equity Funds
Channel Capital*‡ 80.6 85.0 +1.0 [illegible]
Internatl. Gr.*‡ US$11.08 11.98 ...... —
Far Eastern*‡ US$12.72 13.76 ...... —
North American*‡ US$6.18 6.69 ...... —
Sepro **‡ 18.62 20.35 ...... [illegible]
Trust Channel Isl.‡ 74.8 78.9 +0.7 [illegible]
Commodity Funds
Commodity****‡ 160.1 168.9 +1.8 [illegible]
Deposit Funds
St. Deposit****‡ 125.1 125.2 +0.3 [illegible]
*Prices on Aug. 11. **Aug. 13. ***Aug. 14. ****Aug. 15. ‡Weekly dealings. ‡Daily dealings.

Schroder Life Group
Enterprise House, Portsmouth. 0705 27733
International Funds
£Equity 87.6 93.1 ...... —
$Equity US$1.997 2.103 ...... —
£Fixed Interest 169.8 180.6 ...... —
$Fixed Interest US$1.232 1.310 ...... —
£Managed 125.9 133.9 ...... —
$Managed US$1.605 1.707 ...... —

J. Henry Schroder Wagg & Co. Ltd.
120, Cheapside, EC2. 01-588 4000
Am. Inv. It. Aug. 7 US$17.03 ...... [illegible]
Asian Fd. Aug. 5 US$23.35 24.11 ...... [illegible]
Ch'side $ Aug. 14 18.42 +0.25 [illegible]
Darling Fd. Aug. 15 A$3.57 3.79 +0.01 4.38
Japan Fund Aug. 7 US$7.42 7.96 ...... [illegible]
Trafalgar Fd. July 31 US$225.78 +10.42 —

Sentry Assurance International Ltd.
P.O. Box 1776, Hamilton 5, Bermuda.
Managed Fund US$45.9 534.15 ...... —

Singer & Friedlander Ldn. Agents.
20, Cannon St., EC4. 01-248 9646
Dekafonds 24.00 25.28 ...... 6.32
Tokyo Trust Aug. 1 US$32.20 — 2.80

Standard Chartered Intl. Bd. Fd.
37 rue Notre-Dame, Luxembourg.
NAV Aug. 11 US$10.16 ...... —

Stronghold Management Limited
P.O. Box 315, St. Helier, Jersey. 0534-71460
Commodity Trust 144.15 151.74 ...... —

Surinvest (Jersey) Ltd. (x)
Queens Hse., Don Rd., St. Helier, Jsy. 0534 27349
American Ind.Tst. £5.24 5.36 +0.02 —
Copper Trust £13.39 13.72 -0.21 —
Jap. Index Tst. £6.23 6.36 +0.02 —

Surinvest Trust Managers Ltd.
48, Athol Street, Douglas, Isle of Man. 0624 23914
The Coin Trust 107.6 113.2 ...... —

TSB Unit Trust Managers (C.I.) Ltd.
10, Wharf St., St. Helier, Jersey (CI). 0534 73494
TSB Jersey Fund 52.7 55.5 ...... [illegible]
TSB Guernsey Fund 52.7 55.5 ...... [illegible]
Prices on August 13. Next sub. day August 20.

TSB Gilt Fund Managers (C.I.) Ltd.
10 Wharf St., St. Helier, Jersey (CI). 0534 73494
TSB Gilt Fund 94.0 97.0 ...... 14.00
TSB Gilt Fd. (Jsy.) 94.0 97.0 ...... 14.00
Prices on Aug. 13. Next sub. day Aug. 20.

Tokyo Pacific Holdings N.V.
Intimis Management Co. N.V., Curacao.
NAV per share Aug. 11 US$80.00

Tokyo Pacific Hldgs. (Seaboard) N.V.
Intimis Management Co. N.V., Curacao.
NAV per share Aug. 11 [illegible]

Tyndall Group [illegible]

Utd. Intnl. Mngmnt. (C.I.) Ltd. [illegible]

United States Tst. Intl. Adv. Co. [illegible]

S. G. Warburg & Co. Ltd. [illegible]

Warburg Invest. Mngt. Jrsy. Ltd. [illegible]

Wardley Investment Services Ltd. [illegible]

World Wide Growth Management [illegible]

Wren Commodity Management Ltd. [illegible]

NOTES [illegible]

FT UNIT TRUST INFORMATION SERVICE

AUTHORISED UNIT TRUSTS

Abbey Unit Tst. Mngrs. (a)
72-80, Gatehouse Rd., Aylesbury 0296 5941

Abbey Amer. Gth. Tst.	52.3	56.2	+0.6	2.58
Abbey Capital	40.8	44.1	+0.7	5.56
Abbey General	51.6	55.7xd	+0.9	5.64
Abbey Gilt & F.I. Tst.	111.5	117.4	+0.5	11.65
Abbey Income	33.9	36.7	+0.2	9.43
Abbey W'Wide Bd Tst.	93.4	98.8	+0.1	6.78
Abbey Inv. Tst. Fnd.	44.5	48.1xd	+0.7	5.28
Equitas Prog. Trust	78.1	84.4	+1.3	5.11

Allen Harvey & Ross Unit Tst. Mngrs.
45, Cornhill, London EC3V 3PB. 01-623 6314.

AHR Gilt & Pref.	89.5	94.2xd	.....	12.89

Allied Hambro Ltd. (a) (b)
Hambro Hse., Hutton, Brentwood, Essex.
01-588 2851 or Brentwood (0277) 211459

Balanced Funds

Allied 1st	85.4	91.4	+1.4	5.80
Brit. Inds. Fund	74.6	79.8	+0.8	6.52
Growth & Income	46.2	49.4	+0.9	5.63
Elect. & Ind. Dev.	41.9	44.8	+0.6	5.47
Allied Capital	88.2	94.4	+1.4	4.71
Hambro Fund	128.8	137.8	+2.0	6.30
Hambro Acc. Fund	162.9	174.3	+3.1	5.16

Income Funds

High Yield Fd.	63.6	68.0xd	+0.3	10.57
High Income	76.5	81.9	+1.1	7.69
A. H. Eq. Inc.	43.2	46.2xd	+0.6	7.86
Govt. Secs.	25.8	26.5	+0.2	8.42

International Funds

International	31.5	33.7	+0.2	3.20
Pacific Fund	53.2	56.9	+0.4	2.16
Secs. Of America	64.0	68.5	+0.7	2.63

Specialist Funds

[illegible]

Confederation Funds Mgt. Ltd. (a)
50, Chancery Lane, WC2A 1HE. 01-242 0282

Growth Fund	66.0	69.4	.....	4.21

For Cosmopolitan see Chieftain Fund Managers.

Craigmount Unit Tst. Mgrs. Ltd.
40 Bucklersbury, London EC4N 8BD. 01-248 4984

High Income	36.8	40.2xd	+0.2	11.26
North American	53.0	57.1	+0.6	3.00
Canadian Exempt*	63.1	66.4	.....	3.57
Canadian Trust	60.5	65.3	+0.3	2.74
Mid Mount High Inc.*	50.0	52.8	.....	9.13
Recovery	56.7	60.7	−0.2	7.11
Gilt Trust	43.6	45.6	+0.3	12.69

*Weekly dealing day Wednesday.

Crescent Unit Tst. Mngrs. Ltd. (a)(g)
4 Melville Cres., Edinburgh 3 031-226 4931

Cres. Amer. Fd.	32.1	34.6	+0.5	2.08
Cres. Internat'l.	66.0	71.2	+0.5	2.46
Cres. High. Dist.	41.1	44.3	+0.3	10.89
Cres. Reserves	47.8	51.6xd	+0.9	5.72
Cres. Tokyo	21.3	22.9	+0.1	1.00

Dartington Unit Trust Mngt. Ltd.
Bridge Chambers, Barnstaple, Devon 0271 76324

Total Perf. Unit Tst.	24.0	25.4	.....	12.50

Discretionary Unit Fund Managers
Bilbao Hse, 36/38 New Broad St, EC2M 1NU. 01-638 4485

Disc. Inc. Aug. 8	220.9	235.6	.....	5.52

E. F. Winchester Fund Mngt. Ltd.
44, Bloomsbury Square, WC1A 2RA 01-623 8893

Great Winchester	17.1	18.8xd	.....	7.60
Gt. Winchester O'seas	23.7	26.1	.....	4.22

Emson & Dudley Tst. Mngmnt. Ltd.
28b Albemarle St., W1. 01-493 3211

Emson Dudley Tst.	82.0	88.2	.....	6.00

Equity & Law Un. Tr. M.♥ (a)(b)(c)
Amersham Rd., High Wycombe. 0494 33377

Equity & Law	83.8	88.2	+1.9	4.93

Fidelity International Management Ltd.
62-63, Queen St., London, EC4R 1AD. 01-248 4891

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INSURANCE PROPERTY BONDS

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Continued on previous page

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[illegible]

TEXTILES

[illegible]

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Investment Trusts

[illegible]

INVESTMENT TRUSTS—Cont.

[illegible]

Finance, Land, etc.

[illegible]

FINANCE, LAND—Continued

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[illegible]

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[illegible]

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[illegible]

TEAS

India and Bangladesh

[illegible]

Sri Lanka

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Africa

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MINES

Central Rand

[illegible]

Eastern Rand

[illegible]

Far West Rand

[illegible]

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MINES—Continued

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[illegible]

Tins

[illegible]

Copper

[illegible]

Miscellaneous

Dividends Paid		Stock	Price	Last xd	Div Net	Cvr	Yld Gr's
—		Anglo-Dominion	142	—	—	—	—
—		Barymin	65	—	—	—	—
	May	Burma Mines 10p	14	14.4	0.62	1.1	6.4
—		Colby Res. Corp.	158	—	—	—	—
Aug.	Feb.	Cons. Murch. 10c.	290	30.6	MQ100c	1.8	19.7
—		††Hemerdon 10c.	95	—	—	—	—
—		Northgate C$1	370	9.77	—	—	—
Jan.	July	R.T.Z.	470	12.5	15.0	3.2	4.6
—		Robert Mines	23	—	—	—	—
—		††SPO Minerals 10p	97	—	—	—	—
—		Sabina Inds. C$1.	28½	—	—	—	—
—		††SWCM 10p	37	—	—	—	—
—		Tara Exptn. $1	450	—	—	—	—

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 30 per cent and allow for value of declared distribution and rights.

- ● "Tap Stock.
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ϕ Figures or report awaited.
- †† Unlisted security.
- ¢ Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividends or forecasts.
- ♦ Merger bid or reorganisation in progress.
- ‡ Not comparable.
- ♠ Same interim: reduced final and/or reduced earnings indicated.
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ☆ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ♥ Excluding a final dividend declaration.
- ⊕ Regional price.
- ‖ No par value.

§§ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Tax free up to 30p in the £. w Yield allows for currency clause. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1979-80. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1980-81. K Figures based on prospectus or other official estimates for 1979-80. M Dividend and yield based on prospectus or other official estimates for 1980. N Dividend and yield based on prospectus or other official estimates for 1981. P Figures based on prospectus or other official estimates for 1980-81. Q Gross. T Figures assumed. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xR ex capital distribution.

REGIONAL MARKETS

The following is a selection of London quotations of shares previously listed only in regional markets. Prices of Irish issues, most of which are not officially listed in London, are as quoted on the Irish exchange.

Albany Inv. 20p	33	+1	**IRISH**		
Bertam	15	......	Conv. 9% '80/82	£91¾	......
Bdg'wtr. Est. 50p	458	......	Nat. 9¾% 84/89	£80	+¼
Clover Croft	60	......	Fin. 15% 97/02	£94⅝	+½
Craig & Rose £1	£11	......	Alliance Gas	48	......
Fife Forge	32½	......	Arnott	200	......
Finlay Pkg. 5p	19	......	Carroll (P.J.)	65	......
Graig Ship. £1	£13½	......	Clondalkin	120	......
Higsons Brew	75	......	Concrete Prods.	76	+1
Holt (Jos) 25p	256	......	Heiton (Hldgs.)	25½xd	......
I.O.M. Stm. £1	175	—5	Ins. Corp.	275	+5
Pearce (C. H.)	465	......	Irish Ropes	40	......
Peel Mills	45	......	Jacob	31	......
Sheff. Refrsmt	103	......	T.M.G.	80	......
Sindall (Wm.)	142	......	Unidare	77½xd	......

OPTIONS

3-month Call Rates

Industrials		I.C.I.	27	Utd. Drapery	6½
A. Brew	7	"Imps"	6½	Vickers	12
BOC Intl.	6	I.C.L.	14	Woolworths	5½
B.S.R.	4½	Inveresk	4		
Babcock	8	Ladbroke	15	**Property**	
Barclays Bank	34	Legal & Gen.	15	Brit. Land	7
Beecham	18	Lex Service	8	Cap. Counties	9
Blue Circle	25	Lloyds Bank	24	Land Secs.	24
Boots	16	"Lots"	3½	MEPC	27
Bowaters	15	London Brick	6	Peachey	13
B.A.T.	20	Lucas Inds.	17	Samuel Props.	12
Brown (J.)	6	"Mams"	14	Town & City	2
Burton 'A'	10	Mrks. & Spncr	8		
Cadburys	5½	Midland Bank	26	**Oils**	
Courtaulds	8	N.E.I.	5	Brit. Petroleum	32
Debenhams	8	Nat. West. Bank	27	Burmah Oil	20
Distillers	17	P & O Dfd.	10	Charterhall	10
Dunlop	7½	Plessey	14	KCA	11
Eagle Star	15	Racal Elect.	22	Premier	13
F.N.F.C.	2¼	R.H.M.	4½	Shell	35
Gen. Accident	21	Rank Org.	15	Tricentrol	40
Gen. Electric	30	Reed Intnl.	16	Ultramar	35
Glaxo	18	Sears	5		
Grand Met.	12	Tesco	6	**Mines**	
G.U.S. 'A'	34	Thorn	23	Charter Cons.	14
Guardian	23	Trust Houses	12	Cons. Gold	40
G.K.N.	20	Tube Invest.	23	Lonrho	8
Hawker Sidd	15	Unilever	40	Rio T. Zinc	35
House of Fraser	15	U.D.T.	5½		

"Recent Issues" and "Rights" Page 24

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FINANCIAL TIMES

Monday August 18 1980

MPs in clash on Scottish trade

A COMMITTEE of MPs is *likely to recommend in a report* that could be embarrassing for the Government that the Scottish Development Agency be deprived of its responsibility for seeking industrial investment from abroad.

The Select Committee on Scottish Affairs has been investigating the effectiveness of over-overseas promotion and has *been particularly* concerned about the number of important industrial projects lost to the Irish Republic in recent years.

The six Labour members of the committee argued that the answer was to strengthen the Agency to make it more competitive with the Irish Industrial Development Authority.

But they were outvoted by the seven Conservative MPs. who believe that the Agency should drop its overseas promotional role. which should instead be carried out by the Department of Industry's Invest in Britain Bureau.

In particular they want the Agency's offices in New York, San Francisco and Brussels to be closed and their functions *passed to the respective British* Consulates.

Although there is some sympathy among Ministers for the views of the Conservatives on the committee the Scottish Industry Minister. Mr. Alex Fletcher. recently gave the Agency a public commitment that it would retain its overseas responsibility and be able to keep open its offices for at least a year.

The Agency is making no statement until after the report is published, probably at the end of the month. But is thought to be ready to fight to retain its overseas representation. which it feels is amply justifying its cost.

The New York Office. the first to be opened a year ago. has more than doubled the visits to Scotland by U.S. industrialists looking at potential sites for projects. and has lined up a number of investments which *are about to come to fruition.*

French reactor fee call sets Government problem

BY DAVID FISHLOCK, SCIENCE EDITOR

A FRENCH proposal for *collaboration* between Britain and France in development of a 1.500 MW commercial fast-breeder reactor has presented a major headache for the Government.

As part of the deal the French want an entry fee, believed to be of the order of £20m-£25m.

They seek to justify this by saying that Britain will have *access not* only to the technology of the 1.200 MW Superphenix FBR. under construction in the South of France, but also plans for the more advanced Superphenix 2 reactor. expected *to produce electricity about one-*third cheaper.

The Government told Sir John Hill, its chief nuclear adviser last year to explore possibilities for overseas collaboration. following visits by Mrs. Margaret Thatcher to both Superphenix and Britain's 250 MW prototype fast reactor at Dounreay.

Of several possibilities *for collaboration.* one with the French has certain advantages. The two countries' FBR technologies are very similar. and Britain already has a small stake in Superphenix. through a 2.5 per cent investment by the Central Electricity Generating Board.

Superphenix is being built as a three-nation project by the electricity industries of France. Italy and West Germany. Belgium and Holland are also involved in the technologies through their shareholdings in the prototype FBR under construction in Germany.

France plans to order six Superphenix 2 reactors of *identical design in three pairs* at 18-month intervals. starting in 1985.

The French proposal to Britain. discussed recently between Mr. David Howell. the *Energy Secretary*. and M. Andre Giraud. the French Industry Minister, covers all phases of research. design and *manufacture of FBRs* by these five nations.

The idea would be to ensure that British designs for the UK's first big FBR tallied closely with the designs for Superphenix 2.

It would involve creation of a new nuclear company as a subsidiary of the National Nuclear Corporation to act as counterpart to the five-nation company Serena. which holds the licence to all Superphenix FBR technology. In discussions the proposed British company has been called "Fastech."

The French proposition likely to cause the Government the greatest difficulty, however. will be to justify paying a lump sum *to the French for access to* their technology. Successive British Governments have maintained that Britain remains at the forefront of FBR technology.

Opponents of nuclear energy would see such a payment for the FBR as an opportunity to mount a major attack on the Government's nuclear energy programme generally .

France courts Britain, Page 15

Steel chairman's latest plan may mean wider job losses

BY ALAN PIKE

PROPOSALS for arresting the severe financial losses of the British Steel Corporation which may involve further job losses are about to be presented to Sir Keith Joseph. the Industry Secretary. by Mr. Ian MacGregor. BSC's chairman.

*Mr. MacGregor has been con*ducting a wide-ranging review of BSC's problems and prospects since becoming chairman at the beginning of July.

This is nearing completion. Mr. MacGregor is expected to outline his findings to colleagues on the BSC board shortly. and present the review to Sir Keith either at the end of this month *or the beginning of next.*

The review includes an examination of BSC's capacity requirements in the depressed steel market. There are deep fears in steelmaking areas that it will lead to still further retrenchment and redundancies.

Output from the steel industry. public and private. last month was 27.8 per cent down on July 1979.

BSC. partly because of the national steel strike last winter. lost £545m last year in addition to *£1.239bn write-down* of fixed assets and closure and redundancy costs.

Sir Keith has accepted that the corporation will not keep within the Government's original funding limit for the current financial year. but insists on early action to bring its finances under control.

Mr. MacGregor will meet *union leaders next week. They* will again plead for a reprieve for Consett steelworks, Co. Durham, due to close next month with loss of 3,700 jobs.

So far as BSC is concerned. however. the meeting will be to discuss future strategy. The corporation regards the decision to close Consett as firm and unavoidable. despite the acknowledged social problems which it will cause.

It is considered unlikely that suggestions of possible private *buyers being interested in the* plant will come to fruition.

BSC has dropped its legal action seeking to force Granada Television to name an informant who provided it with confidential corporation documents during the steel strike.

The corporation said in a statement that its own inquiries had been fruitful. and it had *reached a conclusion on the* identity of the source—a person who was no longer an employee.

Granada had been subject to a court order to name the source. but said that as a company it did not know it.

Anti-trust shipping inquiry mounted

By Paul Cheeseright

Justice has mounted an anti-trust investigation into the liner conferences operating between Australia. New Zealand and the U.S.

The investigation could seriously damage the operations of ACT (A) and Bank and Savill, two UK groups which account for over a fifth of the traffic which earns them about £70m a year.

Other companies involved include Columbus Lines of West Germany, Farrell Lines of the U.S., Atlantrafik of Sweden. the Australian National Line and the Shipping Corporation of New Zealand.

A liner conference is a grou pof *shipping* companies acting in concert on certain specified routes to fix rates and scheduling.

U.S. *inquiries* are at an early stage but documents have been demanded from the companies related to their pricing arrangements. their reciprocal dealings, an dtheir relations with non-conference lines.

The first stages of the investigation seem to be following the pattern of an earlier Department of Justice inquiry into the North Atlantic trade. which resulted in several companies being fined heavily.

Australian. New Zealand and *UK official circles fear the* present investigation could lead eventually. like the North Atlantic case. to a series of civil actions. seeking punitive damages.

The U.S. move has already created a "front" among U.S. trading partners aimed at blocking attempts by the U.S. to extend its anti-trust juris*diction* outside its borders. New Zealand has just joined Australia and the UK in passing legislation to restrict the flow of information to the U.S. on anti-trust matters.

The shipping case was raised in Washington when Senator Peter Durack, the Australian Attorney-General. met his U.S. counterpart. Mr. Benjamin Civiletti. But both sides sought to reduce the rising tension with an agreement *that the two countries* needed joint procedure to resolve anti-trust disputes.

This meeting was the latest in a series of diplomatic exchanges. which have included talks in Washington between Australian. New Zealand and UK officials. Part of the Australian resentment comes from the fact that the U.S. was slow in making known its intentions to investigate the conference activities.

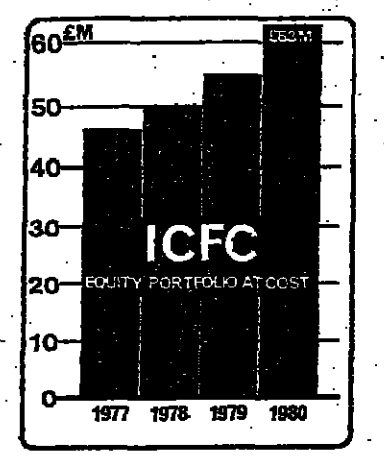
The initiative for an investigation seems to have come from independent shipping companies and freight forwarders making complaints *to the Department of Justice.*

THE LEX COLUMN

Equity funds from the clearers

WITH surprisingly few fanfares. an important new *source* of equity-type finance is becoming available to small *and* medium sized businesses. One by one. the main clearing banks are moving into an activity which has until now been confined largely to the Industrial and Commercial Finance Corporation (ICFC) and a handful of City institutions.

Midland, Barclays and NatWest are now all offering venture *capital schemes.* up to about £50,000. as well as various types of development capital ranging up to as much as £1m and more. Lloyds. the odd man out. says that it is "actively considering" the matter.



Midland and NatWest have both been providing equity *type finance for some years.* the latter through County Bank. its merchant banking arm. But both have stepped up their *efforts* considerably in the recent past. Midland's equity portfolio has risen from under £2m to about £20m since 1977 *(including the funds which it* offers jointly with other institutions.) Earlier this year, it revamped Midland Montagu so that it was no longer identified with its merchant banking activities and came instead entirely under the wing of the parent. An indication of its new aggressiveness was it willingness to put £4m of preferred shares into the car rental side of Godfrey Davis in May. It is also taking a share in the National Enterprise Board's new biotechnology venture.

More active

County Bank is also becoming more active. and now has roughly 100 equity type investments. usually between £100,000 and £250.000. Barclays moved into the game last autumn, when its merchant banking subsidiary set up Barclays Development Capital. It expects to invest about £2½m by the *end of this year.*

On the venture capital side. the pace of expansion is even more rapid. Midland Bank Venture Capital got under way late last year and provides start-up capital as well as equity for small established businesses in tranches of between £5,000 and £50.000. NatWest moved into the same bracket in May, when it introduced its Capital Loan Scheme. which consists of medium-term subordinated loans with equity options. And last month. Barclays announced a "Business Start" loan, where payments to the bank will be worked out as a royalty linked to the borrower's sales.

The explanation for all the activity is partly political: this is a good business to be seen to be promoting, especially on the venture capital side. But the banks insist that they will only operate on a commercial basis. NatWest, for instance, *regards* its loans scheme as an experiment which has not yet gone national and which will be dropped if it is not shown to be viable.

The development capital investments are larger, *and* are going into more established businesses. As a result all three clearers expect to make a reasonable return in this area, mainly from the running yield during the early years. There are also good competitive reasons for getting into this kind of business which, if it is successful, should broaden the banks' overall range *of customers.* The banks are strictly limiting their involvement to minority holdings, to ensure that creditors do not get wrong ideas about the extent of their commitment.

The likely scale of demand for venture capital finance will not be clear for some time. To save expenses. these schemes are mostly being initiated and *processed at branch level*, which means that a lot of effort is going into guiding managers who have been trained to lend on the strength of assets rather than to invest in future prospects. Midland and NatWest both profess to be encouraged by their response to date: they have each made a couple of dozen firm offers so far. and NatWest thinks it could be making maybe 20 such investments a month once its scheme goes national.

Larger scale

Further up the scale, in the development capital investments, the clearers face a lot more competition from other would-be investors like the merchant banks and pension funds as well as ICFC. Midland admits to being disappointed with the progress of Moracrest, which was set up in 1977 together with British Gas pension fund and the Pru with capital backing of £15m. It seeks investments of between £200,000 to £500,000. but it has only put out *about* £5m so far and its sponsors are now wondering whether they are aiming at the right target.

However, the three clearers seem convinced that there is a demand for this kind of finance —Barclays guesses the figure might be about £50m a year— and that they are in an outstanding position to meet it, thanks to their branch network and their names. They are well placed to get a foot in the door first when an existing shareholder in a private company decides to sell out, and roughly half their business at present is coming from secondary as opposed to new share issues. Entrepreneurs who might have gone to the Stock Exchange *to cash in their chips ten years* ago *are now going instead to* their local bank.

ICFC's role

This move into equities means that the clearers are now competing at all *levels* with ICFC, which could in theory be awkward since they—together with the Bank of England—are the shareholder of ICFC's *parent* company, Finance for Industry. In the early 1970's, the clearers started to push out medium term finance in a big way, and more recently they have also entered the market for long term fixed rate loans. Now that they are aggressively *seeking* equity investments as well, ICFC's independent role is not nearly as obvious as it once was.

However, ICFC has an established position with its 18 branches and portfolio of nearly 3,000 investments. And the number of its investments has increased by almost a *half in the* last three years, so it certainly seems to be finding enough to do. Despite its recent rapid expansion, it does not expect to need any fresh equity from its shareholders in the foreseeable future, so the clearers are not going to have to decide whether to hand over new money to finance the growth of what is now one of their competitors.

Obviously ICFC is going to meet growing competition in the future. Investment opportunities that a branch manager might have automatically passed its way before are now likely to be shown first to the bank's wholly-owned development capital subsidiaries. But the real heat from this new competition is going to be felt by the independent merchant banks. And they do not share ICFC's wholehearted commitment to the business: it *has* to succeed if it is to survive.

Boilermakers union seeks merger with electricians

BY NICK GARNETT

THE EXECUTIVE of the 120.000 - strong Boilermakers' union is to seek merger negotiations with the Electrical and Plumbing Trades Union and its 450,000 members. An official mandate to begin detail negotiations has been given.

Such negotiations reflect the growing financial and struc*tural pressures on unions. They* are also in line with pressure quietly exerted by the TUC whose officials have, in the past few months, repeated that the multiplicity of unions is not helping to improve industrial relations.

The increasingly bitter inter-union dispute at the Isle of Grain, however, whose repercussions are likely to come to a head within the next few months, is tending to pull the movement in the opposite direction.

The electricians have set up a joint working party with the General and Municipal Workers Union, and the white collar union, APEX, to look at the possibility of a merger between the three.

The former two unions *are* at each others throats over the Isle of Grain and this has been sappin willingness to press ahead with the talks.

Thereis also a possibility that *the EETPU will face expulsion* from the TUC if the Isle of Grain dispute is not resolved. Such an expulsion would certainly affect merger negotiations with the boliermakers.

The boilermakers' conference two years ago rejected their *executive's recommendation and* turned down merger proposals with the General and Municipal, largely because the latter is a general and not a craft union.

Mr. John Chalmers, the boilermakers' general secretary said yesterday that his executive had approached the electricians because of their craft status and the similarities both in procedures and their lay delegate conferences.

In general it was difficult for small and medium sized unions to meet the burdens of research, educational and organisational overheads. Overheads were "quite unbearable," said Mr. Chalmers.

Leaders of the boilermakers are still in tentative discussions *with the General and Municipal* and the Amalgamated Union of Engineering Workers, but they do not like the smallness of the latter's national committee.

The EETPU, has been absorbing smaller unions in a structure which allows them industrial autonomy. This is also an attraction tothe boilermakers.

The philosophy of Mr. Frank Chapple, *general secretary of* the EETPU is that unions of his size have to expand to survive.

More Labour news, Page 4

Germans have doubts on British teletext system

BY ELAINE WILLIAMS

WEST GERMANY, which has carried out tests of British-designed teletext and Prestel viewdata information systems for two years. is considering switching to rival French systems.

Earlier this month. CBS. one of the three major U.S. television networks, declared its *preference for the French tele*text system, known as Antiope, over the British. However, a poll taken by the Electronics Industries Association in an effort to establish a U.S. standard failed to produce a required majority for the British. French or a similar Canadian system.

Teletext is a method of transmitting "pages" of information using television broadcast transmissions, while viewdata transmits information stored in a computerised data base across telephone lines and displays it on a television screen. Both systems need special receivers.

Only two months ago, major market trials of the British systems were started in Berlin and Duesseldorf involving *6,000 users to assess the market* potential.

At present, Antiope is being operated on an experimental basis only, for selected audiences in Paris and Rennes. France's viewdata system, Teletel. is also under development.

The Bundespost, the West German Federal Post Office, is attracted by the French system's *superior graphics facility* but also likes the relative simplicity of the British systems.

As a result it has decided to keep its options open and will take at least two years to decide which of the two systems it prefers. Designers of Prestel have shown that they will be able to improve the graphics facility. but this will not be available on the system for *about five years.*

The simpler British technology is at a more advanced stage of development and is cheaper than the French systems. British manufacturers have started to mass-produce the integrated circuits—silicon chips—needed to bring down the cost of receivers for sale to the general public.

Recently the French Government contracted Texas Instruments' French subsidiary and EFCIS. the partly State-owned silicon chip maker, to build *circuits for the Antiope system.*

The British subsidiary of Texas Instruments already makes circuits for the British rivals—although it did have problems initially in producing them in sufficient quantities to satisfy the expected market.

In Britain. there are about 5.000 users of the public Prestel system. It has been estimated that between 15,000 and 20,000 receivers will be connected by the end of the year. although this falls short of the 50,000 originally intended.

Other countries which have adopted the British systems *include the Netherlands and* Switzerland.

Weather

UK TODAY

BRIGHT, cool. some showers.

London, S.E.. Midlands

Sunny periods, showers. Max. 21C (70F).

Rest of England, Wales Isle of Man, Channel Isles, N. Ireland

Sunny periods, some heavy rain. Max. 20C (68F).

Scotland

Thundery rain, sunny intervals. Max. 17C (63F).

Outlook: Mostly dry, sunny *periods, some showers in East.*

WORLDWIDE

		Y'day midday °C	°F			Y'day midday °C	°F
Ajaccio	S	26	79	Lisbon	S	31	88
Algiers	S	28	82	Locarno	S	28	82
Amsdm.	S	22	72	London	C	18	64
Athens	S	29	84	Los Ang.			
Barclna.	S	26	79	Luxmbg.	C	19	66
Beirut	S	29	84	Madrid	S	30	86
Belfast	C	17	63	Majorca	S	28	82
Belgrd.	C	20	68	Malaga	S	28	82
Berlin	S	23	73	Malta	S	27	81
Biarritz	S	23	73	M'chstr.	C	17	63
Bmghm.	C	21	70	Melbne.	F	16	61
Blackpl.	C	17	63	Milan	S	25	77
Bordx.	F	23	73	Moscow	C	14	57
Boulgn.	C	20	68	Munich	C	17	63
Bristol	C	18	64	Naples	C	24	75
Brussels	S	22	72	Nwcstle	C	18	63
Budpst.	S	25	77	Nice	S	27	81
Cardiff	F	18	64	Nicosia	S	29	84
Cas'b'ca	S	25	77	Oporto	S	23	73
Cologne	C	19	66	Oslo	C	19	66
Cpnhgn.	S	20	68	Paris	F	24	75
Corfu	R	24	75	Perth	R	19	66
Dublin	R	18	64	Prague	F	24	75
Dbrvnk.	F	25	77	Reykjvk.	F	11	52
Ednbgh.	C	18	64	Rhodes	S	29	84
Faro	S	29	84	Rome	C	29	84
Florence	F	27	81	Salzbrg.	R	20	68
Frankfr.	C	22	72	Stckhm	C	20	68
Funchal	S	25	77	Strasbg.	C	23	73
Geneva	C	21	70	Sydney	F	17	63
Gibrltr.	S	25	77	Tangier	S	31	88
Glasgow	R	17	63	Tel Aviv	S	29	84
G'rnsey	F	17	63	Tenerife	F	23	73
Helsinki	C	13	55	Tunis	S	30	86
Innsbrk.	C	19	66	Valencia	S	27	81
Invrnss.	C	19	66	Venice	F	27	81
I.o.Man	C	15	59	Vienna	F	25	77
Istanbul	S	28	82	Warsaw	C	16	61
Jersey	C	18	64	Zurich	F	19	66
L. Plms.	S	25	77				

C—Cloudy F—Fair. R—Rain. S—Sunny.

Continued from Page 1

Ballots cash

asking the TUC to tell newspapermen to obey the NUJ Code of Conduct. and not what it calls the "spurious and restrictive" guidelines of the Government's recently-published codeof practice on the closed shop.

The Government code, which does not have statutory force, says that trade union membership and Press freedom can be conflict. It sells unions not to *discipline their members for* work professionally carried out, and lays emphasis on the need for editors to have final control over content and the freedom not to join unions.

Alleged Press bias against trade unions will also be debated. Three major print unions. SOGAT, the NGA and Natsopa are demanding the *right of reply for people who* feel they have been misrepresented by the media. Their complaints are an amendment to an NUJ motion setting out its own recipe for curbing bias and strengthening Press freedom.

Of greater political moment will be a debate on the nuclear arms race, stimulated by a revival of interest on the Left of theTU C and of the Labour Party in unilateral disarmament.

A motion from the Transport and General Workers' Union, which is unilateralist in tone, has provoked amendments from no fewer than three Right-wing unions, all seeking to make sure that TUC policy continues to call for mutual reduction in nuclear arsenals. The three are the clerical officers (APEX), the railway white-collar workers (TSSA), and the Engineering Section of the AUEW.

Continued from Page 1

Howe seeks savers

about the mortgage rate. By reducing the flow of funds to the societies the proposal could delay a fall in the mortgage rate. Some advisers would not regret this as they believe that the present financial structure favours housing at the expense of other investments, notably in industry.

Some officials argue that the adverse impact on the building societies might only be short-lived. A shift in the balance of financing Government borrowing away from the issue of long-dated gilt-edged stocks might revive the corporate bond market and permit a reduction in the general level of interest rates and in time the mortgage rate as well.

Sir Geoffrey Howe recognised the problem of the diversion of savings in evidence to the Commons Treasury committee last month. He said there was not an endless pool of savings so the impact on the rest of the savings market of proposals such as an extension of granny bonds would have to be considered.

Teachers cut

THE NUMBER of teachers in Lincolnshire will have to fall by 100 this year, said Cllr. Peter Heneage. chairman of the county Education Committee. The recent 13 per cent pay award would cost the county £420,000 this year. Cost of employing a teacher was up to £10,000 a year.

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